



**GHANA FREE ZONES BOARD ANNUAL REPORT  
&  
AUDITED ACCOUNTS**

***2015***

### **VISION STATEMENT**

To facilitate a vibrant economy in Ghana, driven by a well-integrated business environment with world class capacity for competition, technological innovations, business growth, economic diversity and development

### **MISSION STATEMENT**

To help transform Ghana into the Gateway to West Africa by creating an attractive and conducive business environment through the provision of competitive Free Zone incentives and operation of an efficient “one-stop-shop” for the promotion and enhancement of domestic and foreign investment.

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## 1.0 OVERVIEW OF GHANA FREE ZONES BOARD

### 1.1 INTRODUCTION

The *Free Zone Act (1995), Act 504*, was passed on 31<sup>st</sup> August, 1995 for the promotion of economic development, to provide for the regulation of activities in free zones and for related purposes. There is established by this Act a Board which is the Ghana Free Zones Board (GFZB).

### 1.2 FUNCTIONS OF THE BOARD

The functions of the Board are stipulated as follows:

- ❑ Grant licences to applicants.
- ❑ Assist applicants for licences under Act 504 by providing services for obtaining other relevant licences, permits and facilities.
- ❑ Examine and recommend for approval, proposals relating to the development and activities of the free zones.
- ❑ Monitor the activities, performance and development of Free Zone Developers and Enterprises to ensure compliance to the Free Zone Act and any other laws relevant to free zone activities.
- ❑ Register and keep records and data on the programmes of developers, operators and enterprises in free zones.
- ❑ Perform such other functions as are incidental to the foregoing.

### 1.3 CONCEPT

The Ghana Free Zones Scheme is private sector driven. Government's role is limited to facilitating, regulating and monitoring activities of Free Zone Enterprises and Developers.

The Scheme is designed primarily to promote processing and manufacturing of goods and services through the establishment of Export Processing Zones (EPZs), structured either as free zone areas or single-factory enterprises. The Scheme also encourages the development of commercial and service activities in and around sea and airports.

Under the Ghana Free Zones Scheme, the whole of Ghana is accessible to potential investors to locate in and produce goods and services primarily for export.

### 1.4 PURPOSE

The main objective of the Free Zones Programme is the promotion of economic development through the following means:

- ❑ Attraction of foreign direct investment.
- ❑ Creation of employment opportunities.
- ❑ Increase in foreign exchange earnings.
- ❑ Provision of business opportunities for foreign and local investors to undertake joint ventures.
- ❑ Enhancement of technical and managerial skills/expertise of Ghanaians.
- ❑ Transfer of technology and diversification of exports.

## 1.5 STRATEGY

The main strategy of the Board is to market Ghana as a destination of choice for investments that have potential to generate exports.

Other strategies include

- ❑ Provision of attractive incentives to facilitate the setting up of factories and businesses in Ghana.
- ❑ Elimination of all bureaucratic and procedural obstacles in the establishment and/or operational phase of free zones projects.
- ❑ Encouraging and supporting the linkage of local and foreign free zone investments through joint venture arrangements.
- ❑ Facilitation of transactions between free zone investors and local industries to maximize the value addition of exportable commodities in the national economy.
- ❑ Promotion of skills development and improved expertise of Ghanaian employees in free zone enterprises.
- ❑ Encouraging the development and growth of the export sector, through emphasis on value addition to local resources.

## 1.6 ACHIEVEMENTS

### 1.6.1 Registration of Companies

One of the objectives of the Free Zones Scheme is the attraction of foreign direct investment. In this regard, twenty-one (21) companies were licensed during the year under review. The total number of registered free zone companies registered from inception to 2015 stood at **373** with yearly distribution as follows:

YEAR	NO. OF COMPANIES
1996/97	8
1998	11
1999	6
2000	11
2001	14
2002	25
2003	37
2004	23
2005	21
2006	29
2007	28
2008	26
2009	7
2010	20
2011	25
2012	17
2013	30
2014	14
<b>2015</b>	<b>21</b>
<b>Total</b>	<b>373</b>

### 1.6.2 Capital Invested

During the year, **US\$193.42M** was invested in various sectors of the economy. The cumulative amount of capital invested in free zones since the inception of the programme in 1996/97 to the end of 2015 stood at **US\$3,045.77M**. The breakdown of investments over the years is as follows:

YEAR	VALUE (US\$M)
1998	117.18
1999	80.63
2000	43.82
2001	163.52
2002	41.51
2003	160.54
2004	131.32
2005	185.90
2006	151.83
2007	114.03
2008	315.84
2009	214.83
2010	212.33
2011	224.64
2012	247.51
2013	279.45
2014	167.47
<b>2015</b>	<b>193.42</b>
<b>Total</b>	<b>3,045.77</b>

### 1.6.3 Employment

Total employment created by the licensed Free Zone Enterprises as at the end of 2015 was **28,555**. The yearly employment figures are as follows:

YEAR	EMPLOYMENT
1996/97	3,483
1998	3,963
1999	5,523
2000	6,895
2001	7,445
2002	9,459
2003	14,071
2004	23,928
2005	28,334
2006	25,773
2007	28,880
2008	28,595

2009	28,936
2010	29,798
2011	30,080
2012	30,383
2013	31,005
2014	30,271
<b>2015</b>	<b>28,555</b>

#### 1.6.4 Production

The value of production of Free Zones Enterprises in 2015 was **US\$1,641.44M** bringing the total amount of production from 1996/97 to 2015 to **US\$13,504.64M**. The yearly figures are as follows:

YEAR	PRODUCTION (US\$M)
1996/97	1.40
1998	158.50
1999	162.20
2000	134.40
2001	103.60
2002	222.50
2003	286.50
2004	348.70
2005	602.90
2006	506.60
2007	478.60
2008	1,116.00
2009	821.00
2010	1,329.00
2011	1,195.67
2012	1,069.11
2013	1,126.31
2014	2,200.18
<b>2015</b>	<b>1,641.44</b>
<b>Total</b>	<b>13,504.64</b>

#### 1.6.5 Export

The value of exports of licensed Free Zone Enterprises during the year under review was **US\$1,562.75M** bringing the total value of exports from 1998 to 2015 to **US\$28,444.74M**. The breakdown is given below:

YEAR	VALUE (US\$M)
1998	145.4
1999	184.08
2000	165.07
2001	291.03



2002	174.30
2003	414.01
2004	627.40
2005	509.99
2006	522.81
2007	779.90
2008	1,286.91
2009	1,667.57
2010	1,690.70
2011	1,966.72
2012	1,830.30
2013	12,268.18
2014	2,360.22
<b>2015</b>	<b>1,562.75</b>
<b>Total</b>	<b>28,444.74</b>

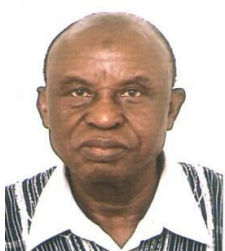
## 2.0 MEMBERS OF THE BOARD



**Hon. Haruna Iddrisu**  
(Minister of Trade & Industry)  
Chairperson



**Mr. Kwadwo Twum Boafo**  
Executive Secretary



**Alhaji Mahama Adams**  
Member



**Mrs. Gifty Anku**  
Member



**Ms. Anita De Soso**  
Member



**Mr. Kwabena Yeboah**  
Member



**Ms. Eugenia Jackson-Cofie**  
Member

**Mr. William Adotei Addo**  
Member



**Mrs. Florence Hutchful**  
Member



**Ms. Katherine Oduro**  
Member

### 3.0 EXECUTIVE SUMMARY

The Ghana Free Zones Board (GFZB) continued promotion of the Free Zones Scheme during the year under review. The Scheme contributed significantly towards the economy of the country.

During the year, ten (10) new staff were recruited to augment the staff strength. Also, nine (9) national service personnel were posted to the GFZB for their national service. A detailed Employee Orientation Programme was implemented to ensure that new employees effectively adjusted into the operations of the Board. At the end of the year, there were seventy-five (75) staff made up of thirty-one (31) females and forty-four (44) males. To promote a culture of learning and professional development, eighteen (18) officers attended various training programmes locally and internationally. Sixteen (16) staff were promoted to various levels in recognition of their performance during the year.

Also, during the year under review, the Investor Support Services Department engaged in investment promotion and attraction activities with focus on local fairs/outreach programmes, International Fairs/Investment Promotion Missions, presentation to delegations, conferences and seminars, production of promotional materials, response to enquiries, investor aftercare and Corporate Social Responsibility. These activities assisted in promoting the Free Zones Programme and activities of the Board.

The Board received thirty- six (36) new applications during the review period. There were four (4) pending applications from 2014 bringing the total applications considered during the year under review to forty (40). Twenty-one (21) applications were approved and licensed whilst two (2) applications were rejected. Ten (10) applications were deferred to seek further clarifications from the companies. Seven (7) were pending review by the Board as at the end of the year. The approved companies were expected to generate eight hundred and seventy-nine (879) jobs during the first three (3) years of their operation with an estimated capital investment of Twenty-eight Million and Forty Thousand US Dollars (US\$28,040,000.00). The number of approved Free Zones Companies as at the end of the reporting period was **One Hundred and Fifty Three (153)** companies.

In 2015, the Board contracted China State Hualong Construction (Gh.) Ltd. to construct the 5-storey Ultra-modern Office Complex for the GFZB. It was estimated that the period for completion of the new office will be twenty-four (24) calendar months.

The occupancy rate at the Tema Export Processing Zone (TEPZ) increased to sixty-five (65) as at the end of the reporting year. Zenith Bank was also given approval to commence banking activities at the TEPZ. They were allocated the ground floor of the GFZB Administration Block. Wangkang Ghana Ceramic Ltd and Black Ivy Group of USA expressed interest in setting up projects within the Sekondi Export Processing Zone and Shama land bank which the Board is facilitating. The Hon. Minister of Trade and Industry/Chairman of the GFZB, Hon. Haruna Iddrisu, visited the Takoradi offices as well as the Board's land banks at Sekondi and Shama during the year.

Also, during the year, a total number of nine thousand and thirty-two (9,032) applications were vetted and scrutinized for exemptions on taxes and duties. A seminar was organized for Free Zone

Enterprises (FZEs) in the Western Region during the year as well as a two-day orientation for newly licensed companies.

During the year under review, the legal department ensured that the GFZB was well represented in all suits in which the Board had interest. The Department also offered in-house legal counsel services to the Board and Secretariat. The Department drafted legal documents on land and other contracts for the Board. The Ministry of Finance and Economic Planning reviewed the applicable rate of income tax payable by free zone companies after the ten (10) year tax holiday from the original maximum rate of 8% to 15% for all companies. Further, the department commenced the process of negotiating with the Chiefs of Sofokrom, Ashiem, Anoe and Mpintsin within whose jurisdiction the proposed Sekondi Export Processing Zone falls.

The total capital invested during the year by FZEs was **US\$193.42M** an increase of 13% over the 2014 figure of US\$167.47M.

The value of production by Free Zone Enterprises for the year under review amounted to **US\$1,641.44M** representing a 25% decrease over the 2014 figure of US\$2,200.18M whilst the value of export for the same year amounted to **US\$1,562.75M** representing a decrease of 33% over the 2014 figure of US\$2,360.22M.

Commercial Free Zone Enterprises imported semi-finished and finished goods at a total value of **US\$68.55M** for re-packaging and re-export to the ECOWAS region and beyond. This represents an increase of 1.50% over the previous year's figure of US\$67.53M.

Total employment figure as at the end of the year was **28,555** comprising of 27,635 nationals and 920 expatriates. Total value of salary/wages for the year under review was **US\$84.59M** a reduction of **31%** over the 2014 figure of **US\$115.25M** with Ghanaian employees earning **US\$58.47M** and expatriates earning **US\$26.12M**.

Total duties/levies paid on sales into the local market as at the end of 2015 amounted to **US\$8.47M** whilst a total of **US\$3.72M** was spent on training Ghanaian employees. Also, 156 Free Zone Enterprises paid a total amount of **US\$7.74M** in Social Security contributions whilst **US\$13.69M** was paid as income tax in respect of their employees during the year under review.

The Board's total income generated in 2015 was **GH¢35,257,399.00** as against GH¢31,889,437.00 in 2014. This represents a 24.5% increase over revenue generated in 2014. The marginal increase was mainly due to increased sales of Forms and processing fees.

Total Expenditure in 2015 amounted to **GH¢16,792,767.00** as against GH¢13,814,935.00 in 2014. This represents a 21.6% increase in expenditure compared to 2014. The increase in expenditure was mainly due to increase in operational expenses.

Excess income over expenditure was **GH¢18,464,632.00** in the year under review as against GH¢18,074,502.00 in 2014.

The Board faced some major constraints during the year under review including the inability to secure funding to develop the three (3) other designated enclaves. The gap in the fence wall at the

TEPZ as well as the unstable supply of water also continued to affect operations of enclave tenants.

The Board did not perform as expected during the year under review. For the ensuing year the Board intends to focus on attracting more investors as well as intensify monitoring the activities of FZEs.

## **4.0 REVIEW OF OPERATIONS**

### **4.1 ADMINISTRATION DEPARTMENT**

The Administration Department has the mandate to advise management on general administrative policies including staff recruitment, transport, welfare, medical, pension, security policies, collation and production of the annual budget to the Board, facilitate staff appropriate training as well as staff performance appraisal mechanism to enhance and determine the potential of individual staff for promotional and target setting purposes. The Administration department has three (3) units i.e. Human Resource, Transport and Stores Units.

#### **4.1.1 Human Resource Unit**

The Human Resource (HR) Unit has the mandate to manage the GFZB's most valued assets which is its employees, to ensure that the organisation achieves its objectives through a well-motivated and productive staff.

Employee satisfaction is vital to the success of any organization because of its direct impact on productivity and creativity. In this regard, the GFZB was particular about effective human resource planning and management required at all stages to ensure employee growth and satisfaction as well as hiring qualified candidates. The combination of high satisfaction and maximum productivity resulted in high employee engagement.

During the period under review, the HR Unit focused on strategic employee management tailored at supporting the unique goals, corporate culture, and objectives of the organization.

The activities for the year were:

#### **- Recruitment**

The GFZB's recruitment strategy was to attract individuals who share its values and believes in its course. The selection process ensures that carefully identified behavioural competencies in addition to mandatory technical skills are highly weighted.

During the year, ten (10) new staff were recruited in various departments including eight (8) Assistant Free Zone Officers and two (2) Drivers to augment the existing staff. Also, nine (9) national service personnel were posted to the GFZB for their national service.

As stated in Article 5 (i) of the Condition of Service, all new staff members who were employed during the year signed a declaration pledging to observe a strict code of secrecy in respect of the affairs of the GFZB.

#### **- Training and Development**

There is an imperative need to develop human resource in every organization to enhance the capacity of the personnel to deliver their assigned roles. The GFZB is a statutory body that prides itself with attracting and retaining passionate and highly skilled employees. In support of these values, the GFZB has fostered a culture of learning and on-going professional development through the implementation of several unique training programmes and opportunities for its employees both in country and out of the country as well as in-house trainings.

During the year under review, the Board continued to provide training and development opportunities for its staff members who needed them to enhance their level of productivity and support staff personal development.

The Compliance Department organized an in-house training programme for its staff members. Also, eighteen (18) staff members attended training programmes in their various fields. Below is a table of beneficiaries who attended the training programmes.

**Table 1 – Staff Training**

BENEFICIARY	COURSE / PROGRAM	INSTITUTION	DATE
AG. Deputy Executive Secretary	Advanced Strategic Management	London Corporate Training	16 <sup>th</sup> – 27 <sup>th</sup> March 2015
Solicitor / Head of Legal Dept.	Law Making & Legislative Drafting	London Corporate Training	18 <sup>th</sup> – 29 <sup>th</sup> May 2015
Internal Auditor	Strategic Internal Audit	Remrot Institute & Training for Africa (U.S.A. Maryland)	31 <sup>st</sup> August – 12 <sup>th</sup> September, 2015
Head of Finance	Advanced Strategic Internal Auditing Course	London Corporate Training (LCT) UK	10 days (13 <sup>th</sup> – 24 <sup>th</sup> July 2015)
Senior Account Officer	Budgetary Control and Medium Term Expenditure Framework	Remrot Institute and Training for Africa (Dubai)	2 weeks (26/10/15 – 6/11/15)
Human Resource Manager	Human Resource Impact Conference	Bankwatch Limited (Accra – Ghana)	2 days (1 <sup>st</sup> & 2 <sup>nd</sup> December 2015)
3 Assistant Officers	Character First Implementation Seminar	Bankwatch Limited (Accra – Ghana)	2 days (3 <sup>rd</sup> and 4 <sup>th</sup> December 2015)
1 Officer.	Advanced Office Management & Effective Administrative Skills	Achievers Africa Marketing & Training (Pretoria – South Africa)	5 days (14/12/15 – 18/12/15)
1 Assistant Manager	Procurement Management and Best Practices in Public Institutions.	Rainbow Events & Conferencing (Johannesburg - South Africa)	5 days (7/12/15 – 11/12/15)
Head of Administration	Conflict Resolution	London Corporate Training (LCT) (United Kingdom)	10 days (7/12/15 – 18/12/15)

#### - Promotion

Promotion in the GFZB is based on qualification, efficiency, on the-job experience, sense of responsibility, initiative, general behaviour, cooperation, interest in the GFZB's affairs, leadership qualities, special aptitude, punctuality and such other factors as the GFZB may determine from time to time.

During the period, one (1) Officer was promoted to a senior officer position, five (5) Assistant Officers were promoted to officer positions, one (1) Secretary was promoted to private secretary position, two (2) drivers were promoted to senior driver grade, and seven (7) drivers were

promoted to grade I driver level. These promotions were believed to provide motivation to staff leading to increased productivity.

**- Employee Orientation**

The GFZB continued to give orientation to new staff including National Service Personnel. This is because the GFZB appreciates the impact that a well-structured orientation process can have on new employees and their ability to successfully integrate into the workplace as well as assist them to start off on the right foot. The HR Unit created a detailed Employee Orientation Programme that helped new employees including National Service Personnel to learn about basic workplace operations, what is expected of them and what they should, in return, expect from the organisation with the assistance of receiving departments.

**- Motivation**

The goal was to motivate employees with the right environment and management practices that bring out the best in them so they can give their best to the organization and customers. The GFZB believes in motivating staff as it trusts that when an employee is motivated, he/she will be committed, excited, energized and passionate about the work he/she is doing.

As part of motivating its staff therefore, the GFZB sponsored staff to participate in the year's Citi Business Olympics; a programme that brings together selected corporate businesses to participate in various fun activities. This was a way of releasing tension/stress and also allowed staff to share issues among themselves. It also served as a means of promoting bonding among staff. There was also some salary adjustment which saw salary increase across board for all staff, as approved by the Board of Directors.

**- Health and Safety**

Employees are the most valuable assets that an organization possesses. In the same way that machinery must be maintained, staff must be looked after in such a way that they can produce their best effort. This involves, but not limited to, their welfare, health, and safety. It is said that a healthy workforce is likely to be an efficient workforce. There is also the strong belief that health status, as measured by modifiable health risks (e.g., obesity, tobacco use) and/or health conditions (e.g., diabetes and high blood pressure) can impair day-to-day work performance.

Considering the impact that health status has on organizational performance, employee wellness is a critical factor to an organization's short- and long-term success. It is for this reason that the GFZB continued to reimburse part of employee's medical bills and paid for employees National Health Insurance to ease some of the burden on medical bills incurred by employees. The GFZB commenced the process of registering new employees for the National Health Insurance and renewed the insurance for those whose insurance had expired.

**- Staff Strength**

At the end of the year, the GFZB could pride itself of seventy-five (75) highly qualified and engaged staff that drove its objectives and activities at the Secretariat. The number was made up of thirty-One (31) female and forty-four (44) male staff members.



The HR Unit, as well as the Secretariat at large, was committed to promoting a conducive working environment that promotes productivity, creativity, and an engaged workforce. The HR department will continue to work on achieving its objectives for the next year.

#### 4.2 INVESTOR SUPPORT SERVICES DEPARTMENT

The Department is mandated to undertake the following activities:

- Identify and develop strategies for the promotion of the Ghana Free Zones Programme
- Design for implementation a time-framed Free Zones Promotion Action Plan setting out the objectives, target country coverage, industrial sectors and potential investment organization, marketing, and media mixes, expected achievements/results etc.
- Organize the preparation and selective dissemination of promotional literature and materials on the Ghana Free Zones Programme to potential local and foreign investors
- Prepare and organize in and out bound free zone investment promotion missions/conferences as well as participate in international and local trade fairs/shows/exhibitions with the aim of attracting investors into the zone
- Develop and maintain close relationships with foreign and local media houses and journalists with the object of sponsoring articles, advertisements, and other publications for the promotion of the free zone programme
- Organize discussions and educational campaigns in the media on the opportunities and incentives under the free zone scheme.
- Establish close relations with and organize lectures on the essence/prospects of the free zones programme for officials of both public and private sector organizations whose activities bear on the development of the programme
- Provide necessary information for general enquiries and interested individuals/groups visiting the secretariat
- Provide aftercare services for licensed free zone enterprises
- Undertake any other such activities which are likely to contribute to the promotion of the programme and the image of the organization.

During the year under review, the Department engaged in investment promotion and attraction activities with focus on local fairs/outreach programmes, International Fairs/Investment Promotion Missions, presentation to delegations, conferences and seminars, production of promotional materials, response to enquiries, investor aftercare and Corporate Social Responsibility.

##### 4.2.1 Local Fairs/Outreach Programmes

The GFZB participated in selected local fairs and outreach programmes during the year under review.

###### - Courtesy Call on La Mantse

During the period, a delegation from the GFZB paid a courtesy call on the La Mantse (**Chief of La**), **Nii Kpobi Tettey Tsuru II**, to thank him for honouring the invitation as the Guest of Honour to the GFZB's annual Stakeholders' dinner dance. The Chief was presented with assorted drinks and some promotional materials for business delegations visiting his office.

- **Ghana-China Joint Economic and Trade Commission**

Also, the GFZB was part of the Committee formed by the Ministry of Foreign Affairs (Asia and Pacific Bureau) on the re-activation of the Ghana-China Joint Economic and Trade Commission. The Ministry of Foreign Affairs and Regional Integration decided to revive the Joint Economic and Trade Commission between Ghana and China which had been dormant since the second session was convened in July 1991. The decision was occasioned by a surge in the number of Ministries, Departments and Agencies (MDAs) dealing separately with their respective Chinese counterparts on issues of economic cooperation between the two countries. There was therefore the need to consolidate the various cooperation arrangements in a comprehensive framework. This resulted in the signing of a Trade Agreement with China.

- **Inter-Agency Advisory Committee**

Again, as one of the government agencies mandated to market Ghana as a conducive investment destination, the GFZB was a member of the inaugural inter-Agency advisory committee meeting during which there was a presentation on the Brand Ghana Program, discussion, and adoption of Terms of Reference (TOR) as well as synergy with stakeholders. Brand Ghana, an agency under the Office of the President, was set up “To establish a compelling image for Ghana by creating, coordinating and harmonizing a persuasive Brand Ghana positioning”. The mandate gives the office the responsibility to identify and refine the key attributes of “Brand Ghana” to build an authentic, credible brand for Ghana to establish its uniqueness in the global arena which all investment promotion agencies such as the GFZB can leverage on in attracting investors.

- **Presentation to Officers of the Ministry of Trade and Industry Posted Abroad**

Further, the GFZB made a presentation on the topic “The Free Zones System in Ghana” to officers due for posting to the various Foreign Offices of the Ministry of Trade and Industry (MOTI) as part of activities to prepare the officers for their new assignments. This was to ensure that the officers are abreast with the free zones concept and other trade and investment policies to woo investors to Ghana.

- **Launch of the 31st Edition of the National Farmers’ Day**

The Board also participated in the launch of the 31<sup>st</sup> edition of the National Farmers’ Day under the theme, “*Transform Ghana: Invest in Agriculture*” held in Bolgatanga in the Upper East Region. The launch was jointly performed by the Minister of Finance, Mr. Seth Terkper, the Minister of Agriculture, Mr. Fifi Fiavi Kwetey, and the Minister of Fisheries and Aquaculture Development, Hon. Sherry Ayithey.

#### **4.2.2 International Fairs/Investment Promotion Missions**

In 2015, the GFZB participated in various international fairs and investment promotion missions to attract investments into the Free Zones Programme. These were:

- **Milan Expo 2015**

Ghana participated in the Milan Expo 2015 organized by the MOTI. The fair was launched in Ghana as well as in Milan under the theme “*Transforming Ghana’s Export Trade, The Role of Milan Expo*”. The objective of participating in the Expo was to attract Italian investors into the free zones program. There was a Ghana-Italy Business Forum held under the theme “*Cocoa, your Wealth, Health and Heritage*” as part of activities for the Ghana Day Celebration at the Expo. The

cooperation between Ghana and Italy dates back to the days of Dr. Kwame Nkrumah, Ghana's first president. With over one hundred and eighteen (118) Italian companies working in Ghana, Italy is ranked the 10<sup>th</sup> in terms of foreign projects registered in Ghana as at March 2015. The European nation has invested over US\$8billion in Ghana and is therefore an important source of investment for Ghana.

**- Independence Day Celebrations**

As is the norm annually, Ghana's Embassies worldwide celebrate Ghana's Independence Day in grand style. For 2015, the celebration was to commemorate Ghana's 58<sup>th</sup> Independence Anniversary. The GFZB participated in the event organized by the Embassy of Ghana in Paris, France under the auspices of the Ministry of Foreign Affairs and Regional Integration. Apart from the GFZB, the Ghana Investment Promotion Centre (GIPC), Fidelity Bank and other agencies from Ghana mounted an exhibition for visitors. The GFZB exhibited samples from Free Zone Enterprises including Decorplast, Lucky 1881 Mills, Dignity DTRT, Corona Plastics and Cargill Ghana Limited. Ghana's Ambassador to France, H.E. Johanna Svaniker, and the Chief Executive Officer of the GIPC, Mrs. Mawuena Trebarh, gave speeches outlining the bilateral economic relations between Ghana and France as well as the investment opportunities in Ghana for French investors. There were also networking and business-to-business interactions.

Though the GFZB was not present at the Independence Day celebration of the Embassy in Abuja, Nigeria, samples of products from Free Zone Enterprises were forwarded to the Embassy for the exhibition of Made-In-Ghana goods during the celebration.

**4.2.3 Delegations Received**

During the year under review, five (5) delegations were received from various countries and organizations. They were:

**- Make Holdings Company Limited, South Korean**

The GFZB hosted a delegation from Make Holdings Company Limited (Make Group), a South Korean Company, who came to Ghana at the invitation of the Government. The group's aim was to establish a localized Ghanaian firm that will include the construction of an industrial park as well as a smart industrial complex. The Group requested a review and modification of the Free Zone Act to accommodate their proposed investment.

**- SPM Afro Build Estate, Indian**

The Board also received a delegation from SPM Afro Build Estate, an Indian company interested in setting-up a new lube manufacturing plant in the petrochemical downstream industry to process lubricants for export. This was a follow-up visit after a Ghanaian delegation led by the Minister for Trade and Industry, Dr Ekwow Spio-Garbrah, visited Jaipur in India for the "Make in India" Partnership Summit organised by the Confederation of Industrialists of India (CII). The meeting sought to clarify the need for acquisition of licence from the National Petroleum Authority (NPA) by an investor who intends to undertake such a venture within the Free Zones Programme.

**- Delegation Of Indian Investors And Businessmen**

The GFZB, in collaboration with MOTI, also met a delegation of Indian investors and businessmen. The meeting, which was organized by the Indian High Commission, aimed at expanding Indian investments in Ghana. Also present at the meeting were other agencies such as GIPC, Gratis Foundation, Ghana Trade Fair Authority and Association of Ghana Industries (AGI). Potential Ghanaian entrepreneurs looking for investment/joint venture partners across various sectors, specifically the small and medium scale sectors, were also present at the event. The main objective was to foster and deepen Ghana-India investment partnership to expand Indian investment footprints in Ghana, to churn out great ideas aimed at teamwork and partnership between Ghana and India. The meeting was chaired by the Minister of Trade and Industry, Dr. Ekwow Spio-Garbrah, and was attended by Ashok Mohinani – CEO, Mohinani Group, Mr Pradeep Kumar Gupta – First Secretary, High Commission of India, H.E Mr K. Jeeva Sagar – High Commissioner, and Mr Arjanusth Kumar – Deputy High Commissioner.

- **Delegation from Turkey**

Again, GFZB hosted Ghana's Head of Mission in Turkey, H. E. Alhaji Ibrahim Abass, and a Turkish investor interested in establishing an industrial meat production complex in Ghana. A consortium of Turkish Companies had intended to acquire pastoral land of 10,000 acres in Ghana for the establishment of a cattle ranch and related meat processing plant to produce meat for export and the local market. The investment covers production of grains and grass to feed animals; construction of an industrial complex that includes a slaughter house, tannery, meat processing plants and other food and agricultural products; construction of a renewable energy plant that will supply electricity to the system as well as destroy waste and protect the environment; and construction of an ethanol plant that will produce energy/fuel and residue dried distilled grain soluble (DDGS) that is a high protein source for animals feeding.

The Project's expected production capacity was 80,000 kg of halal certified deboned meat per day from a herd of almost 450,000 cattle; over 3,700,000 tonnes of silage; and 790,000 tonnes of dry corn per year coming from more than 81,000 hectares of agriculture land. The project was expected to attract other industries such as whole textiles industry chain; meat processing and food industry; leather goods; herbicide and chemical manufacturing; feed mills and feed processing; seeds and fertilizers; grain storage and packaging facilities; edible oils; farm equipment and implementation sales and repair; PVC plant; blood and bones processing industries; animals hormones processing laboratories; as well as high genetic animals. The proposed Special Economic Zone (SEZ) would have its own and independent customs inspection, tax laws and administration rules, all transparent and auditable under USA or EU standards.

- **Delegation from Japan**

Further, the GFZB made a presentation to a Japanese delegation on the investment opportunities within the Free Zones. The Japanese Delegation and representatives of the Ministry of Foreign Affairs and Regional Integration, led by Ghana's Ambassador Extraordinary and Plenipotentiary to Japan, H.E. Ambassador Sylvester Parker-Allotey, toured Niche Cocoa, a licensed Free Zone company situated at the Tema Export processing Zone.

#### **4.2.4 Conferences/Seminars**

During the year under review, the GFZB participated in various conferences and seminars including:

- **Annual Investment Meeting (AIM) 2015, Dubai**

The GFZB participated in the Annual Investment Meeting (AIM) 2015 in Dubai under the theme *“Sustainable Development through FDI Induced Innovation and Technology Transfer”*. The Ghana delegation was led by the Minister for Trade and Industry, Dr Ekwow Spio Garbrah, and included representatives from GIPC, Ghana Tourist Development Company (GTDC) Limited, Accra Metropolitan Authority (AMA), Kumasi Metropolitan Assembly (KMA), among others. The aim of the meeting was to promote agribusiness in Africa, Europe and the Middle East. The meeting brought together Economic and Trade Ministers from the United Arab Emirates (UAE), Ghana, Morocco, Portugal, Spain and Macedonia to discuss how best direct investment could be channelled into agribusiness to achieve food security and prosperity. The Minister of Economy of the UAE, Sultan Bin Saeed Al Mansouri, urged countries seeking to promote foreign direct investment (FDI) to formulate policies and programmes that enhances direct investment into agribusiness. It was noted that some countries have not put in place the required laws and regulations to govern investments in their countries therefore making it difficult for investors to make huge and long term investments. The UAE was ready to partner with any country whose laws and regulations promote FDI in agriculture.

There was an investment meeting on the side under the patronage of Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President and Prime Minister of Dubai and brought together the world's leading academics, experts and practitioners to discuss the essence of innovation for growth and development. The Chief Executive Officers of the GFZB and GTDC advocated for collaboration between all investment agencies in Ghana to speed up the promotion of investment and tourism given the direct relationship between the two activities.

- **Forum on “Doing Business with Germany”**

The GFZB also participated in a forum dubbed “Doing Business with Germany” at the Novotel Hotel, Accra. The forum was organized by the Ghana–German Economic Association under the auspices of the German Embassy. The forum was aimed at deepening the economic ties between the two countries and also to discuss a scheduled trade and investment fair in Germany.

- **South Africa High Commission seminar on “Doing Business in Ghana”**

Further, the South Africa High Commission organized a seminar in Accra, Ghana on “Doing Business in Ghana” which focused specifically on the opportunities available for investments within Ghana. The seminar was attended by a delegation from South Africa led by their Deputy Minister of Trade and Industry, Hon. Mzwandile Masina. The GFZB made a presentation on “Incentives Available for Companies looking to Invest “. Representatives of other government Agencies also made presentations on their programs, activities as well as investment opportunities available to investors.

- **Cocoa Roundtable Discussion**

Again, the GFZB participated in the Cocoa Roundtable Discussion organized by the Dubai Chamber International as a platform for Dubai stakeholders to have an open discussion with Government Authorities that want to promote investment, trade and business activity. The roundtable discussion identified opportunities of synergy between Government Cocoa Agencies and relevant

private enterprises. The Dubai Chamber of Commerce and Industry's International office in Ghana conducted a survey of the Dubai based multinationals and stakeholders who have an interest in the Cocoa Industry and found out that they face many challenges in attempting to capitalize on any part of the Cocoa Value Chain. In line with the objective of the office to enhance bilateral trade and expand the services of Dubai based companies into Ghana and West Africa, selected Ministries and agencies were invited to make presentations including MOTI, Ministry of Finance, Cocoa Marketing Board (COCOBOD), GIPC, as well as Free Zones companies in the cocoa sector including ADM Cocoa, Plot Enterprise, Barry Callebaut and BD Associates. Also present were some licensed cocoa buying companies.

- **The Partnership Summit 2015, Jaipur, Rajasthan, India**

Furthermore, the GFZB attended the The Partnership Summit 2015 in Jaipur, Rajasthan, India under the theme "*Partners for Shared New Realities*". The Partnership Summit 2015 was organized by the Government of India, the Government of Rajasthan (a State in India) and the Confederation of Indian Industry (CII).

The CII is a non-government, not-for-profit industry-led and industry-managed organization that plays a proactive role in India's development process. The CII works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes. The Summit provided the platform to seize huge opportunities by fostering links in various sectors which need to be addressed to catalyse and enable growth at the macro level. It served as a common platform for leaders from all walks of life to closely examine the synergies that spark the next phase of global growth and play a proactive role in building new bridges to the emerging world by fostering links globally. MOTI was invited by the Government of India and the CII to attend the Summit. The delegation from Ghana was therefore led by the Minister for Trade and Industry, Hon. Dr Ekwow Spio-Garbrah, and included representatives of other agencies such as GRATIS Foundation, National Board for Small Scale Industries (NBSSI), Ghana Export Promotion Authority (GEPA), Ghana National Chamber of Commerce and Industry (GNCCI) and AGI.

- **Economic Outlook & Business Strategy Conference**

The Economic Outlook & Business Strategy Conference (EOBS) was borne out of Africa Business Magazine's (ABM) intense desire to keep Ghana's economic engine of growth working. The objective of ABM was to make it possible for the managers of the economy to be brought face-to-face with the business and investment communities to have them informed of the true state of the economy, in a setting that would allow for purposeful dialoguing, asking of questions, and sharing of experiences amongst the actors in the economy.

The 2015 edition, which is the 3<sup>rd</sup> edition, focused stakeholders' attention on the role the export sector could play in the effort to restore and sustain the growth of the economy. The theme was "*Diversifying Ghana's Economy through Sustained Export Trade*". The GFZB was invited by the ABM to participate in the Conference held in Accra, Ghana. The Executive Secretary of the GFZB, Mr Kwadwo Twum Boafo, was a panel member to discuss the topic "**Overcoming Challenges-The Way Forward**". Some of the challenges in the export sector were identified as creating an enabling environment, research and development, improving the regulatory framework, removing trade barriers which seem invincible but very visible, lack of infrastructure, financing, harmonization of

international standards, cost of doing business, export market strategy, complying with regulations and meeting international standards.

There was a roundtable discussion as part of the Conference on the theme *“Turning Ideas into Action”* which was attended by a delegation from the Dubai Chamber of Commerce and Industry led by H.E. Alhaji Yakubu, Consul General at the Consulate of the Republic of Ghana in the UAE. Present at the roundtable discussion were officials from GFZB, GIPC, GNCCI, Registrar General’s Department and selected financial Institutions. The Dubai Chamber used the opportunity in participating in the Conference to officially inaugurate its new office in Ghana which was a vital step in the expansion of the Chamber’s footprint in Africa and served as a strong sign of their commitment to enhancing trade ties with Ghana and West Africa.

#### **- Dubai-Ghana Business Forum**

The GFZB also participated in the Dubai-Ghana Business Forum under the themes *“Synergies and Economic Partnerships”* and *“Dubai-Ghana: Bridging the Gap and Breaking Barriers”*. The keynote speaker for the Forum was the Deputy Minister for Trade and Industry, Hon, Ibrahim Murtala Mohammed. The Executive Secretary of the GFZB, Mr Kwadwo Twum Boafo, made a presentation during the Forum which ended with an interactive session between the two countries trying to understand each other’s business strategies and accepting each other as long-term partners to foster strong bilateral ties for sustainable development.

#### **- World Free Zone Convention Conference**

Oxford Intelligence in association with the World Free Zone Convention, World Bank and Deloitte organized the World Free Zone Convention Conference in Washington DC, USA on the theme *“Economic Zones, Smart Cities and New Urban Environments: Cutting Edge approaches to Sustainable Planning, Development and Implementation”*. The Conference was attended by selected Board Members of the GFZB. Topics discussed by panelists included Smart cities and New Urban Environments: State of Play; Transport/Logistics-Oriented City and Zone Development; Economic Zones-Future Directions; ICT-Oriented City and Zone Development; Markets and Financing; and, Sustainability in Cities and Economic Zones.

#### **4.2.5 Promotional Materials**

During the year under review, five thousand (5,000) brochures were printed to aid the promotional activities of the GFZB. Also, desk as well as pocket diaries, wall and desktop calendars were produced and distributed to Ghana Missions abroad, selected stakeholder agencies as well as delegations visiting the GFZB.

#### **4.2.6 Enquiries**

Over one thousand one hundred (1,100) enquiries were received during the year. This was made up of phone calls, emails and walk-ins. The Department also provided information on the free zones programme to institutions and individuals both locally and internationally for academic, research and business linkage purposes.

#### **4.2.7 Investor Aftercare**

During the year, representatives from the Department visited selected Free Zones Enterprises in the Greater Accra region. The purpose of the visit was to help the companies with specific day-to-

day business difficulties that hinder their operations. The visits were used to also reassure the companies of the Board's unflinching support for their businesses.

#### **4.2.8 Corporate Social responsibility**

As part of its Corporate Social Responsibility, the GFZB undertook various activities including donation of 10 "RAMBO 1000" Polytanks to the Salaga South Constituency, refurbishment of the Domestic Violence and Victims Support unit (DOVVSU) Office of the Nima Police Station as well as provision of some office equipment and cash donations to the Ghana Society of the physically disabled, the office of the National Chief Imam, Sheikh Osman Nuhu Sharubutu on the occasion of the Eid-el-Fitr Festival and the Sports Writers Association of Ghana (SWAG) award in aid of celebrating outstanding sportsmen and women.

#### **4.2.9 End-of-year Activities**

The GFZB organized a dinner dance for Staff and other stakeholders at the end of the year under review. The end of year dinner was used to take stock of programmes and activities undertaken during the period, deserving staff were rewarded to motivate all staff to perform better during the ensuing year. The dinner dance also provided the platform for networking with external stakeholders. In attendance were some members of the Parliamentary Select Committee on Trade, Industry & Tourism; the La Mantse, Nii Kpobi Tettey Tsuru II; representatives of licensed Free Zone enterprises; representatives from Ghana Customs (Free Zone Desk) and other stakeholders.

### **4.3 PROJECT EVALUATION & LICENSING UNIT**

The Application Processing Department is in charge of collating and evaluating all applications received at the Secretariat from prospective investors by ensuring compliance with the requirements as specified in the Free Zones Regulations (1618).

#### **4.3.1 Applications Processed**

During the period under review, the Board received thirty- six (36) new applications. There were four (4) pending applications from 2014 bringing the total applications considered during the year under review to forty (40). Twenty-one (21) applications were approved and licensed whilst two (2) applications were rejected. Ten (10) applications were deferred to enable the Committee to seek further clarifications from the companies. Seven (7) were pending review by the Board as at the end of the year.

The applications were made up of thirty-two (32) manufacturing, two (2) service and six (6) commercial companies. There was no application for developer licensed during the period under review. (Refer to Appendix I for details)

These companies proposed to generate eight hundred and seventy-nine (879) jobs during the first three (3) years of their operation. The estimated capital for their investments amounted to Twenty-Eight Million and Forty Thousand US Dollars (US\$28,040,000.00).



### 4.3.2 Revocation of License

Based on the Board's directives, thirty-nine (39) inoperative and dormant free zones enterprises were informed of the Board's intention to delist them from the GFZB programme. The list of companies is attached as Appendix II.

### 4.3.3 Delisted Applications

No FZE was actually delisted during the year under review. The number of approved Free Zones Companies as at the end of the reporting period was **One Hundred and Fifty-Three (153)** companies.

## 4.4 ESTATE & ENCLAVE DEVELOPMENT DEPARTMENT

The Estate and Enclave Development Department is mandated to spearhead the Board's leading strategy of developing declared sites for free zone operations into enclaves and industrial parks.

This Department has its key functions as the following:

1. Planning and monitoring of infrastructure development projects to upgrade the Board's enclaves to world class industrial estates for investment growth.
2. Coordination of utility supplies and services to ensure maximum productivity by operators.
3. Enforcement of estate development and production standards to ensure good industrial harmony and environmental safety.
4. Promotion of enclave sites and industrial parks as choice locations/destinations for foreign direct investments and industrial business growth hubs/poles.
5. Management of Board's property- Secretariat building, equipment servicing (air conditioners, fire extinguishers etc).

## OPERATIONAL ACTIVITIES AT THE ENCLAVES

### Tema Export Processing Zone

- **Tema Export Processing Zone Occupancy**

During the period under review the occupancy rate at the Export Processing Zone was as follows:

**Table 1: Occupancy Rate at Tema Export Processing Zone**

Multipurpose Industrial Park (MPIP)	32
GFZB Buffer Zone	6
International Land Development Company (ILDC)	15
Octoglow Ltd	15
<b>Total</b>	<b>68</b>

- **Establishment Of Fire Station at Tema EPZ**

During the reporting year, the Secretariat inspected the Fire Tender allocated to the Board at the Regional Fire Service at Tema.

Also, Tema Regional Fire Department submitted cost estimates to the Board for the construction of a Fire Tender Bay before the release of the Fire Equipment to the Board.

- **Development Of Logistics Chain Centre At Tema EPZ**

During the year under review, Octoglow Ghana Ltd a strategic developer at the TEPZ submitted a proposal to the Board to develop a logistics Chain Centre at the Tema EPZ. The proposed project will involve the construction of a Container Terminal and a Railway Line to link the TEPZ and the Tema Port. The project will be privately funded by Octoglow Ltd.

- **Location of CEPS Check Point**

During the reporting year, CEPS officially stationed its officers at the main entrance of the TEPZ to facilitate movement of goods and service to the Enclave.

Additionally, the Board connected pipe water and electricity to the CEPS Post at the main entrance to enhance their work.

- **Construction of Ultra-Modern Office Complex**

During the period under review, China State Hualong Contractors for the construction of the new 5-storey Ultra-modern office Complex for the GFZB was about 30% complete.

It was estimated that the period for the construction and completion of the new office complex is 30<sup>th</sup> May 2017.

- **Establishment of a Bank**

During the period under review, Zenith Bank Ghana commenced its banking activities at the Tema EPZ Administration Block.

- **Shama Industrial Park**

During the reporting period, Black Ivy Group of USA acquired 400 acres of the Shama Industrial Park to develop into an Industrial Park to be known as West Park Project.

Black Ivy Group of USA also signed a formal lease agreement with 18 landowners and the Chief of Yabiw for the acquisition of the 400 acres of the Yabiw Industrial Park land.

Additionally, they facilitated in the opening of Bank Account for all the affected landowners, into which compensation for the land were paid.

- **Sekondi Export Processing Zone**

Wangkang Ghana Ceramic Ltd acquired 60 acres of the Sekondi Export Processing Zone Land for the setting up of a ceramic manufacturing factory during the period under review

Also, the Board signed a head lease agreement with the Chief of Eshiem, on whose land the proposed 60-acre land falls.

#### **4.5 COMPLIANCE DEPARTMENT**

The GFZB has made it a priority to adopt and implement robust compliance programs as part of its self-regulatory efforts and good business practices as enshrined in the Free Zones Act 1995, (Act 504) and the Free Zone Regulations (L.I 1618). Effective compliance must constantly evolve to reflect changes in improving companies and their adherence to regulations. The Compliance Department therefore plays an important role in ensuring compliance of FZEs to the rules and regulations of the GFZB. In this regard, in 2015, the department committed to strengthening the Secretariat's regulatory program in a myriad of ways, including:

- Making the compliance audit more professional and friendly.
- Increasing openness to reduce non compliance of FZEs
- Requiring FZEs to regularly submit their quarterly reports to the Secretariat; and
- Adding staff to the department's compliance team to keep pace with the growing number of FZEs.

##### **4.5.1 Exemptions**

During the year, a total number of nine thousand and thirty-two (9,032) applications were vetted and scrutinized for exemptions on taxes and duties as indicated below:

<b>QUARTER</b>	<b>NUMBER OF FORMS</b>
First	2,121
Second	2,373
Third	2,057
Fourth	2,481
<b>Total</b>	<b>9,032</b>

##### **4.5.2 In-house Training Seminar**

An in-house training was organized for the officers and other staff of the Department during the period. Issues discussed included, but not limited to, the following:

- Ethical work attitude
- Interpreting and analysing financial statements
- How the GC NET operates and
- Processing of GFZB form 9s

#### **4.5.3 Seminar for FZEs**

A seminar was organized for FZEs in the Western Region during the year. The purpose of the seminar was to educate the FZEs on the Free Zones Act, rules & regulations. The seminar was organized in collaboration with the Ghana Revenue Authority (Customs and Domestic Tax Divisions) and the Ghana Immigration Service. Representatives of twenty-One (21) FZEs attended the program. Three (3) members of the Compliance Committee of the board graced the occasion.

Also, a two-day orientation was organized for newly licensed companies. The purpose of the orientation was to educate them on the processing of form 9s for exemptions and to give them a general idea about rules and regulations of the Free Zone Act. A total number of Twenty-Nine (29) officials representing Seventeen (17) FZEs attended the program.

#### **4.5.4 Capacity Building**

Three (3) compliance officers attended a monitoring and evaluation training program locally.

#### **4.5.5 Compliance Audit**

The Free Zones Regulations requires that annual compliance audit is carried out in all licensed FZEs. Based on this regulation, a total number of sixty-six (66) FZEs were audited. This represents 37% of the total active FZEs.

#### **4.5.6 On-the-spot checks**

The Department undertook on-the-spot checks on some selected five (5) FZEs during the year. This was meant to provide the Secretariat with approved and verified imports, checks of exports and checks of material usage by FZEs. It was to further ascertain that, the number of exemptions granted to these FZEs were consistent with those held in inventory.

### **4.6 INFORMATION TECHNOLOGY DEPARTMENT**

The IT department by its mandate provided the following core functions during the period under review:

- Operation of the GCNet System
- User support services
- Continuous update of information about the Free Zone Enterprises for monitoring and management decision making
- Regular update of the GFZB website to provide up-to-date investment information in the free zones.
- Managed the internet connectivity and operated the corporate email system
- Data entry for investors' quarterly returns as well as transactions on the Form 9s
- Generation of various statistical reports for management and other agencies
- Supervision and management of the network infrastructure (internet and local area network) at the Secretariat and the Tema Enclave office.

#### **4.6.1 Software Upgrade**

The Sage Pastel payroll was upgraded and reconfigured to generate staff pay slips via their corporate email account.

#### **4.6.2 Network Infrastructure**

The Network infrastructure (LAN) at the Tema Office was successfully completed. Users at the Tema Enclave had access to internet as well as the GFZB online database.

#### **4.6.3 Operation of GCNet**

In the GFZB's pursuit of continuous improvement in its processes to deliver quality services to its cherished customers, representatives from the Secretariat met with officers of GCNet to discuss efforts to reduce the time lapse between submission of an application and the time GFZB works on the application (ie the response time). It was agreed that free zone operators should be educated on the requirements to enable them to enjoy the import exemption. Among other things, applicants must have renewed their licenses and have submitted their quarterly returns regularly. This education resulted in improvement in the response time for submitted applications.

#### **4.6.4 Backlog of Data Entry**

The IT department put measures in place to clear the backlog of input of data on the Form 9s by engaging more of the newly posted National Service Personnel to enter the data. This enabled the department to input all outstanding data on the Form 9s.

#### **4.6.5 Training on use of GCNet System**

Four (4) officers (two each from Compliance and IT departments) had training in the use of the eMDA GCNet system.

#### **4.6.6 Revamp of GFZB Website**

Following a review of the existing GFZB website, the department in conjunction with the Investor Support Services Department proposed an upgrade to incorporate a new website layout and design to reflect new aesthetic features prevalent in Free Zone Agencies across the world as well as other government agencies. All the necessary information and other inputs were gathered, however, the Board directed that the revamp of the website as well as the database upgrade be rolled over to the first quarter of 2016.

#### **4.6.7 National Information Technology Agency (NITA) One-Stop-Shop Service Centre**

The department participated in series of meetings to address issues of publicity of the activities of the NITA One-Stop-shop Service Centre (OSSC) at the Vodafone office at Kwame Nkrumah Circle. It was agreed that a 10/15-minute video documentary should be prepared on all the eight agencies currently present at the Centre.

### **4.7 LEGAL DEPARTMENT**

During the year under review, the legal department ensured that the GFZB was well represented in all suits in which the Board had interest. The Department also offered in-house legal counsel

services to the Board and Secretariat. The Department drafted legal documents on land and other contracts for the board.

#### 4.7.1 Review of Income Tax Rate

The Internal Revenue (Amendment) Act 2014 (Act 885) which was gazetted on 31<sup>st</sup> December 2014, reviewed the applicable rate of income tax payable by free zone companies after the ten (10) year tax holiday from the original maximum rate of 8% to 15% for all companies. The review was affected without the requisite consultations with the relevant stakeholders by the Ministry of Finance and Economic Planning.

The period under review saw the department engaged in some advocacy work because some free zone companies requested for reasons for the amendment in the incentive package guaranteed by the free zone Act, 1995 (Act 504).

#### 4.7.2 Land Matters

##### ➤ Tema Export Processing Zone (TEPZ)

The Government of Ghana represented by the Lands Commission granted the Board a lease of four (4) separate parcels of land for development into an industrial enclave referred to as the Tema Export Processing Zone (TEPZ). These parcels are referred to as Plots “A”, “B”, “C” and “D”. Plot “D” is also known as the Multi-Purpose Industrial Park (MPIP).

##### • Plot A

The following companies obtained Sub-Leases during the year 2015.

No.	Name of Companies	Acres
1.	CA Steel	4.6
2.	AMP Logistics	5.2
3.	TF Premio Commodities	5.1
4.	Golden Pod Ltd.	2
5.	Niche Cocoa	5

##### • Plot B

International Land Development Company (ILDC) a licensed developer responsible for managing Plot “B” approached the Secretariat for re-negotiation of ground rent due which had been the subject-matter of a civil dispute in court. ILDC offered to pay some monies on account to facilitate an amicable resolution of the dispute.

##### • Plot C

Plot C has been utilized in the provision of common user facilities such as waste stabilization ponds. No sub-lease was granted by the Board in the year 2015.

##### • Plot D

##### - Multi-Purpose Industrial Park (MPIP)

Niche Cocoa was granted a Sub-lease of a two (2) acre parcel of land within the Multi-Purpose Industrial Park during the year under review.

➤ **Proposed Ashanti Technology Park**

The Board received information that the Ejisu Traditional Council had obtained judgment against the Attorney-General in respect of the land earmarked for the Ashanti Technology Park. The GFZB's name was struck out by the Kumasi High Court (Land Division) as a party to the suit even though the parcel of land which is the subject-matter of the suit is a declared free zone area.

➤ **Proposed Shama Processing Zone**

The Secretariat continued engaging the chiefs and landowners on possible ways of collaborating to ensure that parcels of land earmarked for development did not suffer any form of encroachment.

➤ **Sekondi Export Processing Zone**

The Hon. Minister of Trade and Industry toured the site for the proposed Sekondi Export Processing Zone and interacted with landowners. The Hon. Minister in a short ceremony paid an amount of Two Million Five Hundred Thousand Ghana Cedis (GH¢2,500,000.00) to representatives of Sofokrom, Ashiem, Anoe and Mpintsin communities. Wangkang Ceramic Gh. Ltd., a Chinese ceramic tile manufacturing was offered approximately 50 acres of land in Ashiem for construction of a factory.

➤ **Way Forward**

The legal department commenced the process of negotiating with the Chiefs of Sofokrom, Ashiem, Anoe and Mpintsin within whose jurisdiction the proposed Sekondi Export Processing Zone would be sited for leases. This task would be aggressively pursued in the coming year.

## **5.0 DATA ANALYSIS**

### **5.1 INVESTMENT CAPITAL SCHEDULE**

The total capital investment made by licensed Free Zone Enterprises during the year amounted to **US\$193.42M** an increase of 13.42% over the 2014 figure of US\$167.47M. The cumulative amount of investment capital in the free zones since inception of the programme in 1996/97 to the end of 2015 now stands at US\$3,045.77M (refer to Appendix III)

### **5.2 PRODUCTION SCHEDULE OF MANUFACTURING AND SERVICE ENTERPRISES**

The ex-factory value of production for Free Zone Enterprises in the manufacturing and service sector during the year amounted to **US\$1,641.44M** representing a 25.4% decrease over the 2014 figure of US\$2,200.18M (Refer to Appendix IV)

### **5.3 IMPORT SCHEDULE OF COMMERCIAL ENTERPRISES**

Commercial Free Zone Enterprises imported semi-finished and finished goods at a total value of **US\$68.54M** for re-packaging and re-export to the ECOWAS region and beyond. This represents an increase of 1.47% over the previous year's figure of US\$67.53M (Refer to Appendix V)

### **5.4 EXPORT SCHEDULE OF ALL ENTERPRISES**

Total ex-factory value of exports of all Free Zone Enterprises (manufacturing, Service and Commercial) amounted to **US\$1,562.75M** representing a decrease of 33.79% over the 2014 figure of US\$2,360.22M (Refer to Appendix VI)

## 5.5 EMPLOYMENT SCHEDULE OF ALL ENTERPRISES

The most important contribution of the Free Zones Programme to the economy of Ghana is employment creation. As at the end of the reporting year, the number of Ghanaian nationals employed by the FZEs reached 27,635. This represents a decrease of 4.4% over the 2014 figure of **28,908**.

The distribution of national employees according to gender indicates that **18,439** i.e. 65% were male whereas 9,196 i.e. 35% were female.

The number of expatriates employed by Free Zone Enterprises was **920** representing 4% of total employment. The total employment generated by the Free Zones Programme was 28,555. (Refer to Appendix VII).

Distribution of employees in the Free Zones Programme by sector is shown in the table below.

**Table 2 - Distribution of employees**

Sector	Number employed
Developer	22
Manufacturing	23,586
Service	3,468
Commercial	1,479

## 5.6 SALARY/WAGE SCHEDULE OF ALL ENTERPRISES

The free zones programme contributes greatly in the economic empowerment of the Ghanaian workforce. Total value of salary/wages for 2015 amounted to **US\$84.59M** a reduction of 26.6% over the 2014 figure of **US\$115.25M**.

The total salary/wage paid to Ghanaian Nationals working with Free Zone Enterprises amounted to **US\$58.47M**. This represented a decrease of 22.22% over the 2014 value of **US\$75.17M**. Expatriates working under the free zones programme earned **US\$ 26.12M** (Refer to Appendix VIII).

## 5.7 VAT/DUTIES PAID ON SALES INTO THE DOMESTIC/LOCAL MARKET

Total duties/levies paid on sales into the local market amounted to **US\$8.47M** representing a decrease of about 20.25% on the previous year's figure of US\$10.62M. (Refer to Appendix IX)

## 5.8 TRAINING SCHEDULE OF ALL ENTERPRISES (GHANAIAN NATIONALS)

Under the free zone regulations at least 1% of the total annual salary/wage bill of free zone companies should be spent on the training of Ghanaian nationals employed in the companies.

In 2015, a total amount of **US\$3.72M** was spent on training national employees representing 4.4% of the total salary wage bill indicated above. Even though the minimum requirement was achieved, only **81** Free Zone Enterprises actually offered training to their employees. (Ref. Appendix X)

## 5.9 SOCIAL SECURITY SCHEDULE OF FREE ZONE EMPLOYEES



In 2015, **156** Free Zone Enterprises contributed a total of **US\$7.74M** in Social Security contributions to the Social Security and National Insurance Trust. This represents a decrease of 26.8% over the 2014 figure of US\$10.57M paid by 151 Free Zone Enterprises. (Ref. Appendix XI)

#### **5.10 INCOME TAX SCHEDULE OF FREE ZONE EMPLOYEES**

In the reporting year, 156 companies contributed a total of **US\$13.69M** in Income Tax in respect of their employees representing a decrease of 29% over the 2014 figure of US\$19.31M from 151 Free Zone Enterprises. (Ref. Appendix XII)

### **6.0 FINANCIAL REVIEW**

#### **6.1 REVENUE**

Total income generated in 2015 was **GH¢35,257,399.00** as against GH¢31,889,437.00 in 2014. This represents a **10.6%** increase over revenue generated in 2014. The increase was due to leased land premiums, increase in sale of forms and processing fees.

#### **6.2 EXPENDITURE**

Total Expenditure in 2015 amounted to **GH¢16,792,767.00** as against GH¢13,814,935.00 in 2014. This represents a 21.6% increase in expenditure compared to 2014. The increase in expenditure was mainly due to operational expenses.

Excess income over expenditure was **GH¢18,464,632.00** in the year under review as against GH¢18,074,502 in 2014.

The Audited Accounts for 2015 is attached as Appendix XIII

### **7.0 CONSTRAINTS**

The Board faced some major constraints during the year under review. The Board could not secure funding to develop the three (3) other designated enclaves thus affecting the Board's ability to attract investors into those enclaves. However, as indicated, two companies have expressed interest in setting-up in the Sekondi EPZ and Shama Land Bank.

The gap in the fence wall at the TEPZ which provided access to thieves and trespassers continued to pose some security concerns for the operators in the TEPZ as well as installations at the enclave.

The unstable supply of water also continued to affect operations of enclave tenants which posed serious challenges to the Board and operators within the TEPZ. There is the need to expand the water storage and supply system to ensure constant water supply to the enclave.

### **8.0 CONCLUDING REMARKS**

The Board did not perform as expected during the year under review. Decreases were recorded in the value of production, export, employment, salary/wage bill as well as VAT/duties paid. Also, thirty-nine (39) companies were inactive or dormant affecting achievement of the GFZB.

The focus of the Board for the ensuing year would be to attract more investors as well as intensify monitoring activities to ensure that all licensed Free Zone Enterprises adhere to the rules and regulations of the Free Zones programme.

There is the need to close the gap in the fence wall. If the gap is not closed more resources would have to be expended to provide security for the TEPZ as well as replace stolen equipment.

Though the 1% of salary/wage bill on training was achieved, only 89 FZEs offered training for their Ghanaian staff. The Board needs to take steps in the ensuing year to ensure that all FZEs offer training for Ghanaian staff.

## **APPENDICES**

## Appendix 1- Analysis of Applications Processed

### Applications Received And Nature Of Business

No.	Name Of Company	Nationality	Sector	Nature Of Business
1	Apsonic Auto Limited	Chinese	Manufacturing	Assembling Of Vehicles and Motorcycles
2	Netherlands Liqueurs Limited	Indian	Manufacturing	Alcohol And Alcoholic Beverages
3	Monapak Manufacturing Ghana Limited	Lebanese	Manufacturing	Production Of Soap and Detergents
4	Gilsan Manufacturing Company Limited	Ghanaian	Manufacturing	Production Of Liquid Detergents and Liquid Antiseptics
5	Spectrum Industries Ghana Pvt Ltd.	Indian	Manufacturing	Production of Alcoholic and Non- Alcoholic Beverages
6	Kad Manufacturing Limited	Ghanaian	Manufacturing	Garments
7	Mordern Global Industries	Ghanaian	Manufacturing	Production Of Bed sheets, Clothing, Handkerchiefs and Car Dusters for Export.
8	CG Elimina Limited	Ghanaian/ Chinese	Manufacturing	Processing Of Fresh Fish for Export.
9	Cocoa Touton Processing Company Ghana Limited	French	Manufacturing	Production And Exportation of Cocoa Semi-Finished Products.
10	BPM Limited	Ghanaian/ Indian	Manufacturing	Corrugated Cartons Boxes and Paper Packaging Products For Export.
11	International Mordern Industry- AMCO Limited	Lebanese	Manufacturing	Trailers, Steel Structures and Boats For Export.
12	DuPont Commodities Limited	Ghanaian	Commercial	Imports and exports of consumer goods and food products.
13	AMP Logistics Ghana Limited	Ghanaian	Service	Provision of warehouse, haulage and other logistics to Cocoa processing Companies
14	Bamboo Energy Ghana Limited	British/ Norwegian	Manufacturing	Engage in production of biomass energy products
15	Global Speciality Oil & Fat Ltd	Ghanaian	Manufacturing	Oil seed refinery
16	GN Electronics Company Limited	Ghanaian	Manufacturing	Assembling of electronic products
17	Volta River Estate Limited	Ghanaian/ Dutch	Manufacturing	Cultivation and processing of fresh fruit and vegetables
18	IOI Loders Croklaan Industries Limited	Ghanaian/ Dutch	Manufacturing	Processing of Shea Butter
19	Zara Investments Limited	Ghanaian/ Lebanese	Commercial	Import and re-export of food, non-food, cosmetics, alcoholic and non-alcoholic beverages
20	York Trade International Limited	Ghanaian/	Manufacturing	Processing of Cocoa Products

		Canadian		and Derivatives
21	Fem Associates Limited	Ghanaian/ Nigerian	Commercial	Import & Re export of rice, sugar and other commodities
22	Intuit Duty Free Shop Ghana Ltd.	Ghanaian/ French	Commercial	commercial Duty-Free Shop operations
23	5 Sigma Ghana Limited	Ghanaian/ Pakistani	Manufacturing	production of Plaster of Paris, cornices, and wood glue
24	Sam Valley Farms	Ghanaian/ Belgium	Manufacturing	production of pineapples
25	Kumark Company Limited	Ghanaian	Commercial	import, pre-packaging and export of agro chemicals and inputs
26	Anka Metals Limited	Greece/ Turkish	Manufacturing	Production of metal bars
27	Golden Leaves Ghana Limited	Ghanaian/ Chinese	Manufacturing	production of Cocoa shell powder
28	International Warehousing Company Limited	Ghanaian	Service	Construction, lease, and rental of warehouses to the Free Zones companies.
29	Poly Sacks Ghana Limited	Indian	Manufacturing	production of packaging materials and woven sacks
30	Tuofu Ghana Limited	Ghanaian/ Chinese	Manufacturing	Production of iron rods, wire coils and steel sections
31	Mawood International Limited	Ghanaian	Commercial	Importing, Warehousing And Re-Exporting Of Rice, Oil, Sugar, Non-Alcoholic Beverages, Alcoholic Beverages, Flour, Shea Butter And Sesame Seeds.
32	Sparkx SM Ghana Limited	Ghanaian	Manufacturing	Agric Processing
33	Transnational Investment Limited	Ghanaian	Commercial	Import & Distribution High Quality Products for sale to Travellers. Commercial Duty-Free Shop
34	Amorisa Manufacturing Limited	Ghanaian	Manufacturing	Processing and packaging of cashew nuts and kernels
35	Belmet 7 Ghana Limited	Ghanaian/ South African/French	Manufacturing	Fabrications & Engineering of offshore oil & gas Market
36	IB- Diaby Ghana Limited	Ghanaian	Commercial	Import and Export of Cocoa
37	Royal Haskoning Ghana Limited	Dutch	Service	Engineering and Consultancy Services
38	Third Image Aluminium	Ghanaian	Manufacturing	Aluminium circles and Cooking Utensils
39	Mivisa West Africa Limited	Ghanaian/ Spanish	Commercial	Importation of Finished Goods, metal cans and Lids

40	Klloys Engineering Services			
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### Companies Licensed

No.	Name Of Company	Nationality	Sector	Nature Of Business
1	Kad Manufacturing Limited	Ghanaian	Manufacturing	Manufacture Garments
2	Spectrum Industries Ghana Pvt.Ltd.	Indian	Manufacturing	Production Of Production of Alcoholic and Non- Alcoholic Beverages
3	Mordern Global Industries	Ghanaian	Manufacturing	Production Of Bed sheets, Clothing, Handkerchiefs and Car Dusters for Export.
4	CG Elimina Limited	Ghanaian/ Chinese	Manufacturing	Processing Of Fresh Fish for Export.
5	Cocoa Touton Processing Company Ghana Limited	French	Manufacturing	Production And Exportation of Cocoa Semi-Finished Products.
6	BPM Limited	Ghanaian/ Indian	Manufacturing	Manufacturing Of Corrugated Cartons Boxes and Paper Packaging Products for Export.
7	International Mordern Industry- Amco Limited	Lebanese	Manufacturing	Manufacturing Of Trailers, Steel Structures and Boats for Export.
8	GN Electronics	Ghanaian	Manufacturing	Assembling Of Electronics Products
9	Volta River Estate Ltd	Ghanaian/ Dutch	Manufacturing	Cultivation And Processing of Fresh Fruits And Vegetables
10	Sam Valley Farms	Ghanaian/ Belgium	Manufacturing	Production Of Pineapples
11	Amp Logistics(Gh) Limited	Ghanaian	Service	Provision Of Warehousing, Haulage Services, Packaging, Logistical Support Services, Export Of Cocoa Shells And Other Related Cocoa Products, Freight Forwarding Services, Container Terminal Services And Other Logistics Services
12	International Warehousing Company Limited	Ghanaian	Service	Construction, Lease and Rental of Warehouses to Free Zone Companies
13	Gilsan Manufacturing Company Limited	Ghanaian	Manufacturing	Production Of Liquid Detergents and Liquid Antiseptic for Export
14	Mawood International Limited	Ghanaian	Commercial	Import, Warehousing and Re-Export Of Rice, Oil, Sugar. Non-Alcoholic Beverages, Alcoholic Beverages, Flour, Shea butter And Sesame Seeds
15	Bamboo Energy Ghana Limited	British/Norwegian	Manufacturing	Production Of Biomass Energy

16	Kumark Company Limited	Ghanaian	Commercial	Import And Export of Agrochemicals and Inputs
17	Anka Metals Limited	Turkish/Greece	Manufacturing	Production Of Silver and Gold Metal Bars For Export
18	Apsonic Auto Limited	Chinese	Manufacturing	Assembling Of Vehicles and Motorcycles for Export
19	Polysacks Ghana Limited	Indians	Manufacturing	Production Of Packaging Materials and Woven Sacks for Export
20	Global Specialty Oils &Fats Ltd	Ghanaian	Manufacturing	Oil And Seed Refinery
21	5 Sigma Ghana Limited	Ghanaian /Pakistani	Manufacturing	Production Of Plaster of Paris, Cornices and Wood Glue Products

**Rejected Application**

No.	Name Of Company	Nationality	Sector	Nature Of Business
1	Dupont Commodities Limited	Ghanaian	Commercial	Importing, Warehousing and Exporting Of Rice, Sugar, Tomato Paste, Corned Beef, Vegetable Oil, Sardines, Mackerels, Milk Powder, Ethanol, White Cloth, Batteries E.T.C
2	Tufo Ghana Limited	Ghanaian /Chinese	Manufacturing	Production of iron rods, wire coils and steel sections

**Deferred Applications**

No.	Name Of Company	Nationality	Sector	Nature Of Business
1	Apsonic Auto Limited	Chinese	Manufacturing	Assembling Of Vehicles and Motorcycles
2	Netherlands Liqueurs	Indian	Manufacturing	Manufacturing Of Alcohol and

	Limited			Alcoholic Beverages
3	Monapak Manufacturing Ghana Limited	Lebanese	Manufacturing	Production Of Soap and Detergents
4	Gilsan Manufacturing Company Limited	Ghanaian	Manufacturing	Production Of Liquid Detergents and Liquid Antiseptics
5	Mawood International Limited	Ghanaian	Commercial	Importing, Warehousing and Re-Exporting of Rice, Oil, Sugar, Non-Alcoholic Beverages, Alcoholic Beverages, Flour, Shea Butter and Sesame Seeds.
6	Kumark Company Limited	Ghanaian	Commercial	Import, Repackaging and Export of Agro Chemicals and Inputs
7	Golden Leaves Ghana Limited	Ghanaian/Chinese	Manufacturing	Production of cocoa shell powder
9	IOI Loders Croklaan Industries Limited	Ghanaian/Dutch	Manufacturing	processing of Shea Butter
10	Intuit Duty Free Shop Ghana Ltd.	Ghanaian/French	Commercial	commercial Duty-Free Shop operations

### Pending Applications

No.	Name Of Company	Nationality	Sector	Nature Of Business
1	Amorisa Manufacturing Limited	Ghanaian	Manufacturing	Processing and packaging of cashew nuts and kernels
2	Belmet 7 Ghana Limited	Ghanaian/South African/French	Manufacturing	Fabrications & Engineering of offshore oil & gas Market
3	York Trade International Limited	Ghanaian/Canadian	Manufacturing	Processing of Cocoa Products and Derivatives
4	Fem Associates Limited	Ghanaian/Nigerian	Commercial	Import & Re export of rice, sugar and other commodities
5	Sparkx SM Ghana Limited	Ghanaian	Manufacturing	Agric Processing
6	Transnational Investment Limited	Ghanaian	Commercial	Import & Distribution High Quality Products for sale to Travellers. Commercial Duty-Free Shop
7	Royal Haskoning Ghana Limited	Dutch	Service	Engineering and Consultancy Services



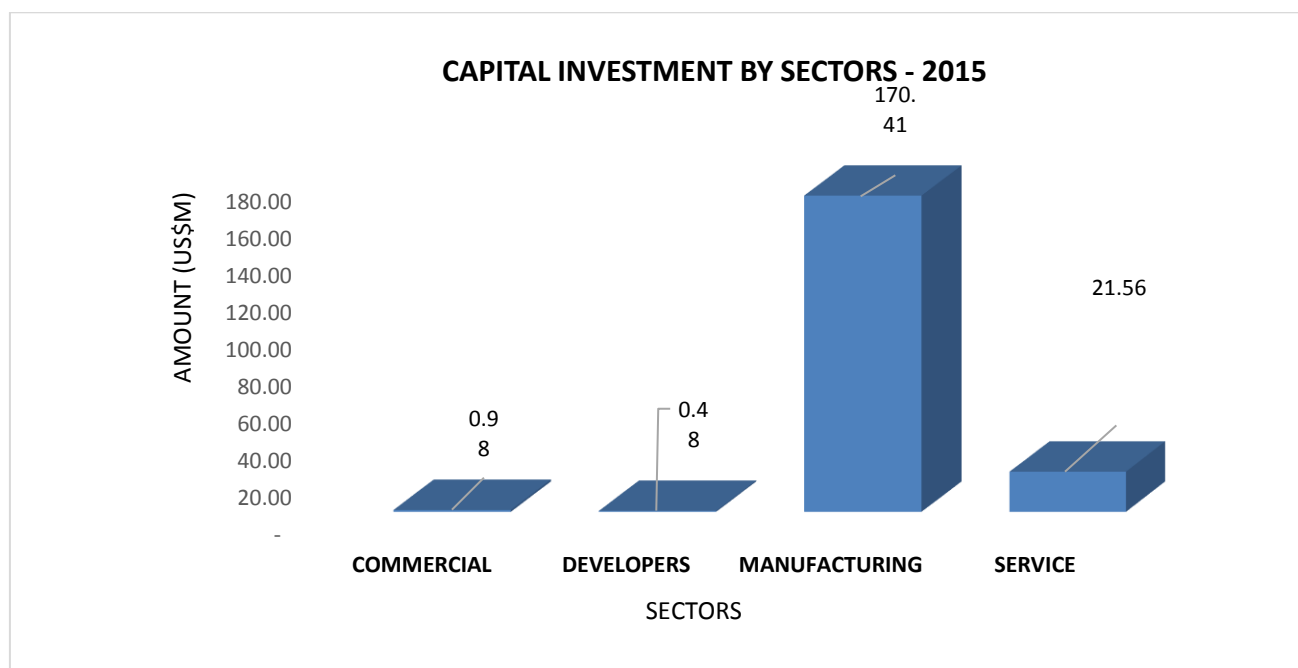
**Incomplete Applications**

<b>No.</b>	<b>Name Of Company</b>	<b>Nationality</b>	<b>Sector</b>	<b>Nature Of Business</b>
1	IB- Diaby Ghana Limited	Ghanaian	Commercial	Import and Export of Cocoa
2	Third Image Aluminium	Ghanaian	Manufacturing	Aluminium circles and Cooking Utensils
3	Mivisa West Africa Limited	Ghanaian/ Spanish	Commercial	Importation of Finished Goods, metal cans and Lids
4	Klloys Engineering Services		Service	

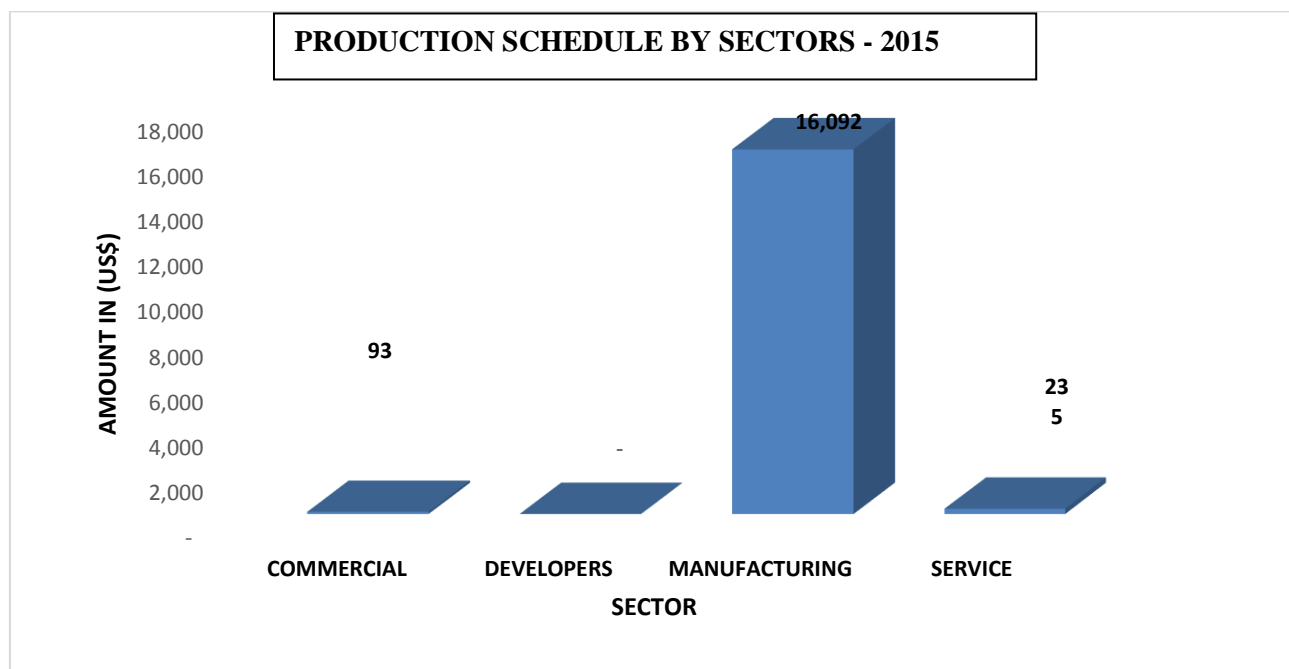
## **Appendix II – List of Inoperative/Dormant FZEs Recommended for Delisting**

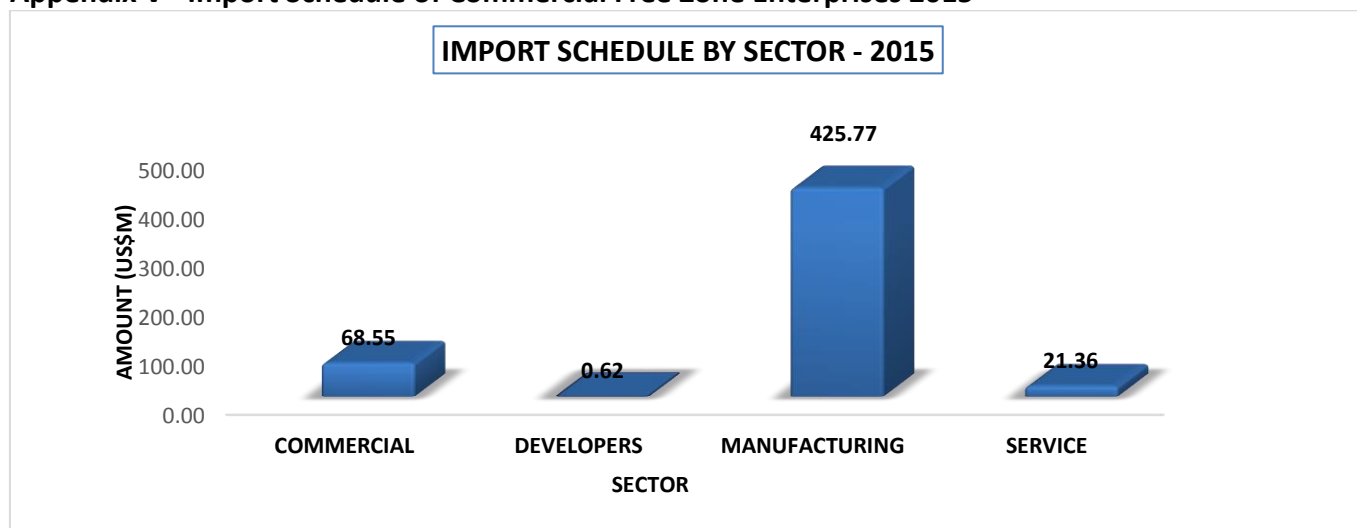
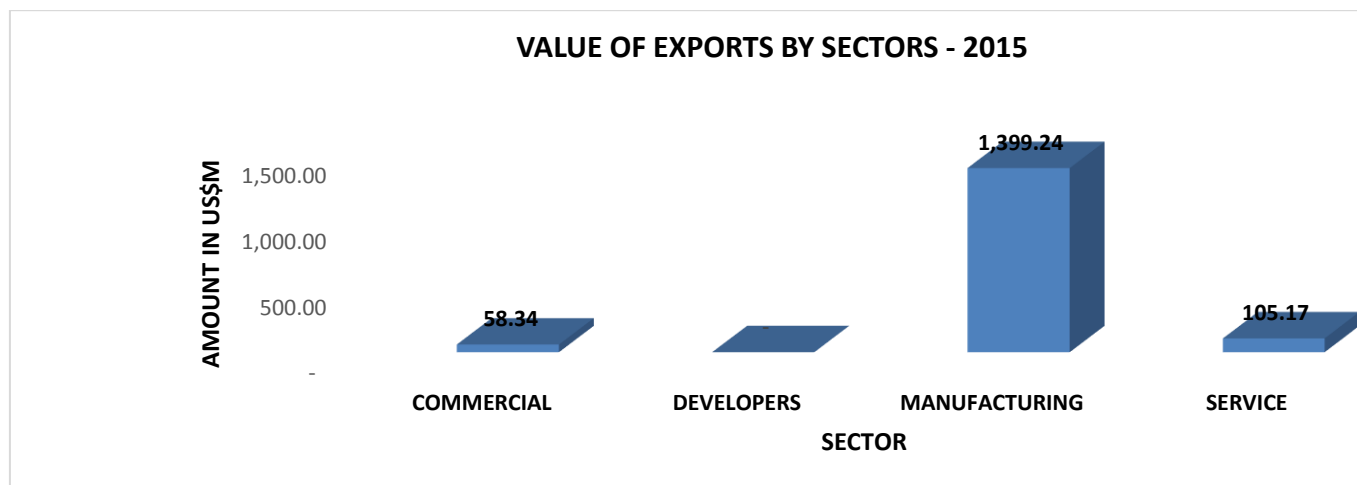
1. Great Imperial Company Ltd.
2. Machine Wood Ltd.
3. West Africa Mills Co. Ltd.
4. Calf Cocoa Int. Co. (Ghana) Ltd.
5. Wienco Fibre Ltd.
6. Ghana Cotton Co. Ltd.
7. Najabsco Ltd.
8. Indo-Ghana Enamel Industrial Ltd
9. Precious Metal Refinery Ltd
10. Rising Data Solution Inc.
11. Oak Brook Ltd
12. PSI Properties Ltd
13. Bestglow Wood Ltd
14. ABM link (GH) Ltd
15. Energy Pool Ltd
16. Afric-American Tradex Co. (AATC) Ltd
17. Wilson Cocoa Food Pro. Co. Ltd
18. Manise Design Ltd
19. Furnex Int. Ltd
20. Africa & Auson Veneer (GH) Ltd
21. IBN GH. Ltd
22. Money System Int Ltd
23. Amri manufacturing Ltd
24. Ghana Eco Energy Ltd
25. VBI (GH) Ltd
26. Arrital (GH) Ltd
27. Eldin Salt Mill Ltd
28. Abaso Cocoa Mills Ltd
29. Rapidoil (Gh) Ltd
30. Damaris Garment Exports
31. Arcadia Trading Europe Ltd
32. Balaji Manufacturing Ghana Ltd
33. Adler Marketing Ltd
34. Scanfuel Ghana Ltd
35. Northern Ghana Groundnut Ltd
36. Matermind Global Ltd
37. Starlight West Africa Natural Resources Ltd
38. World Clothing Co. Ltd
39. SG Sustainable Oil Ghana Ltd

### Appendix III - Capital Invested by Free Zone Enterprises 2015

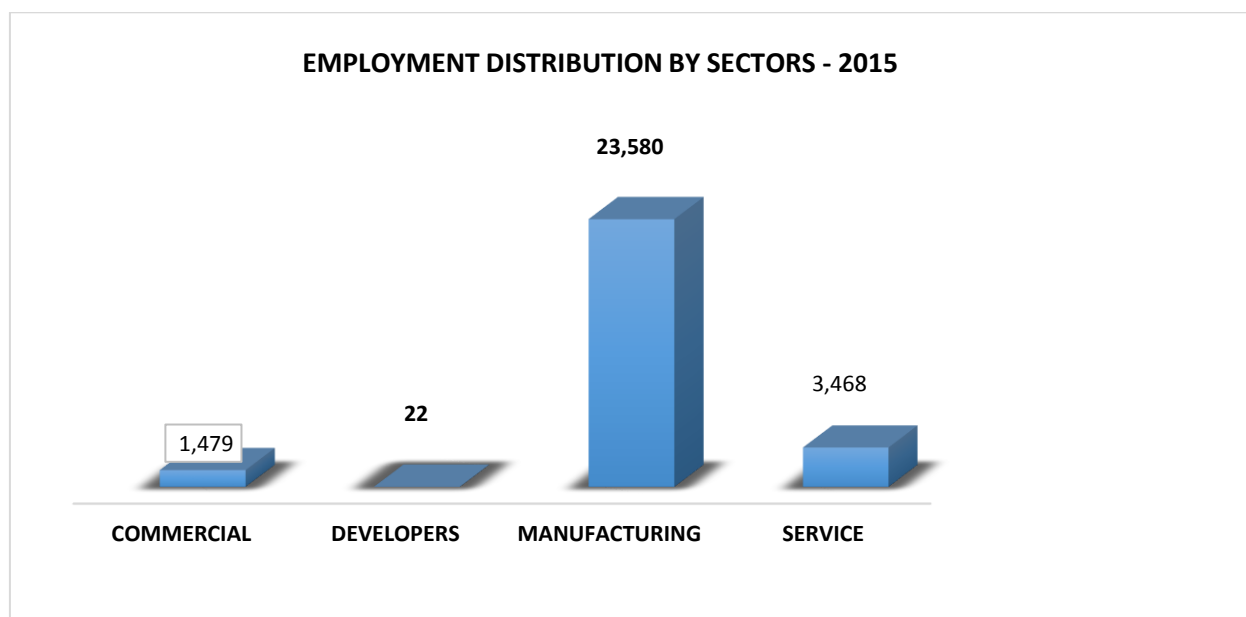


### Appendix IV - Production Schedule of Manufacturing and Services Enterprises 2015

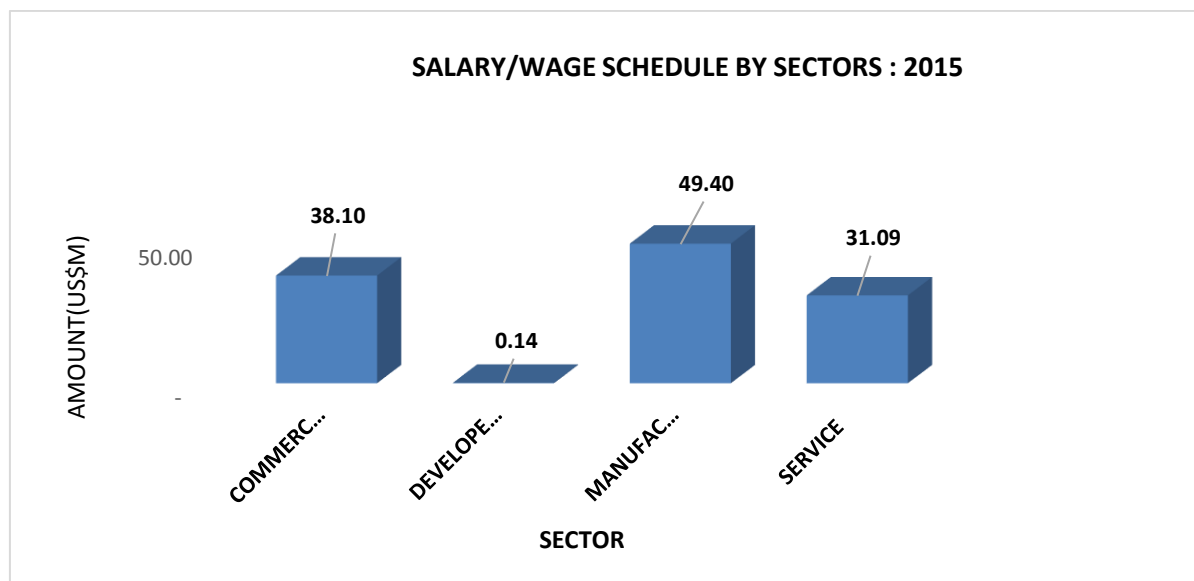


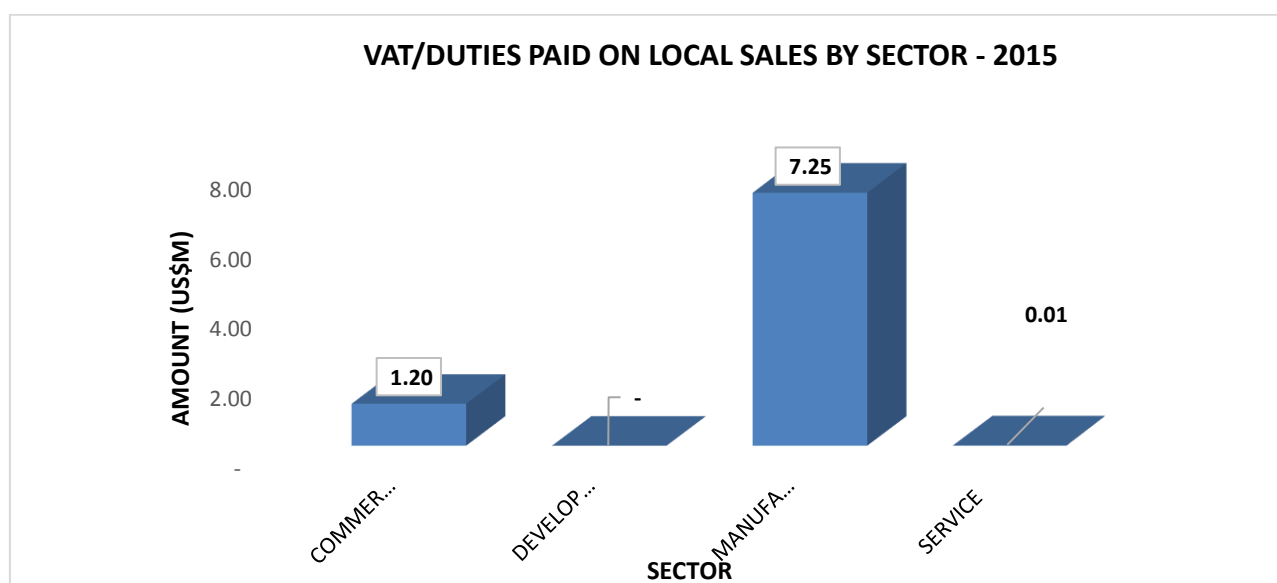
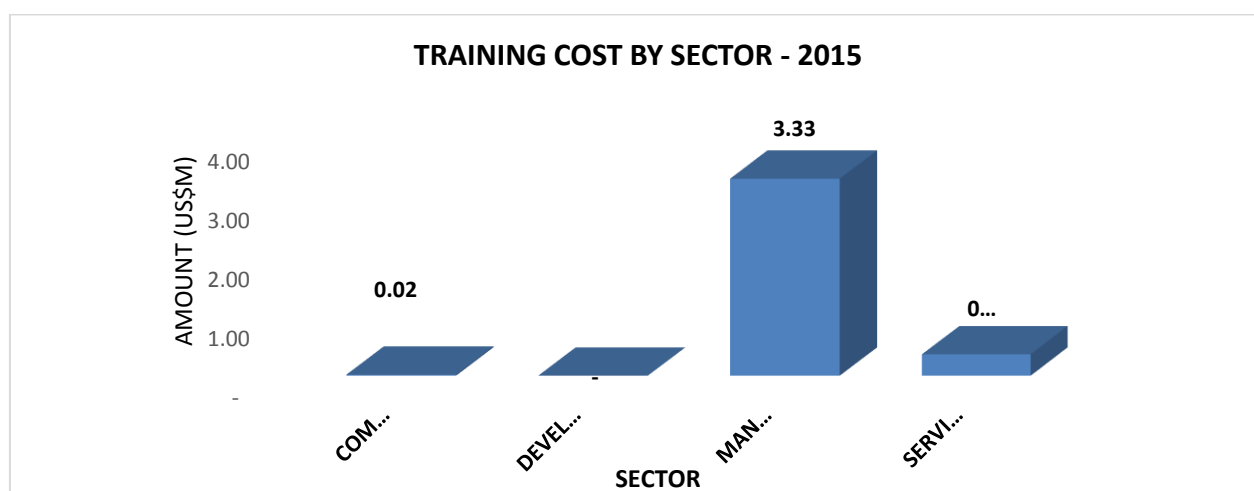
**Appendix V - Import Schedule of Commercial Free Zone Enterprises 2015****Appendix VI - Export Schedule of All Free Zone Enterprises 2015**

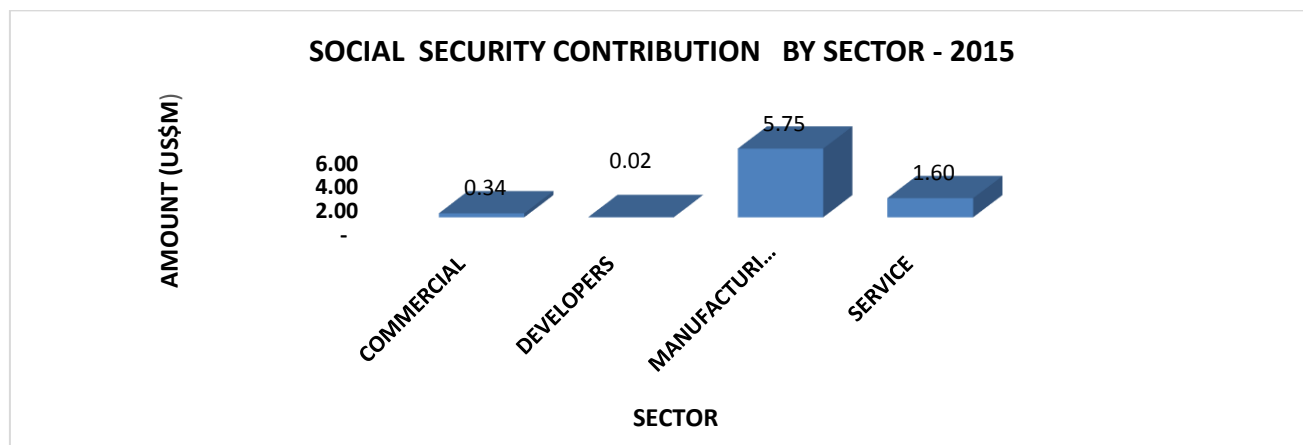
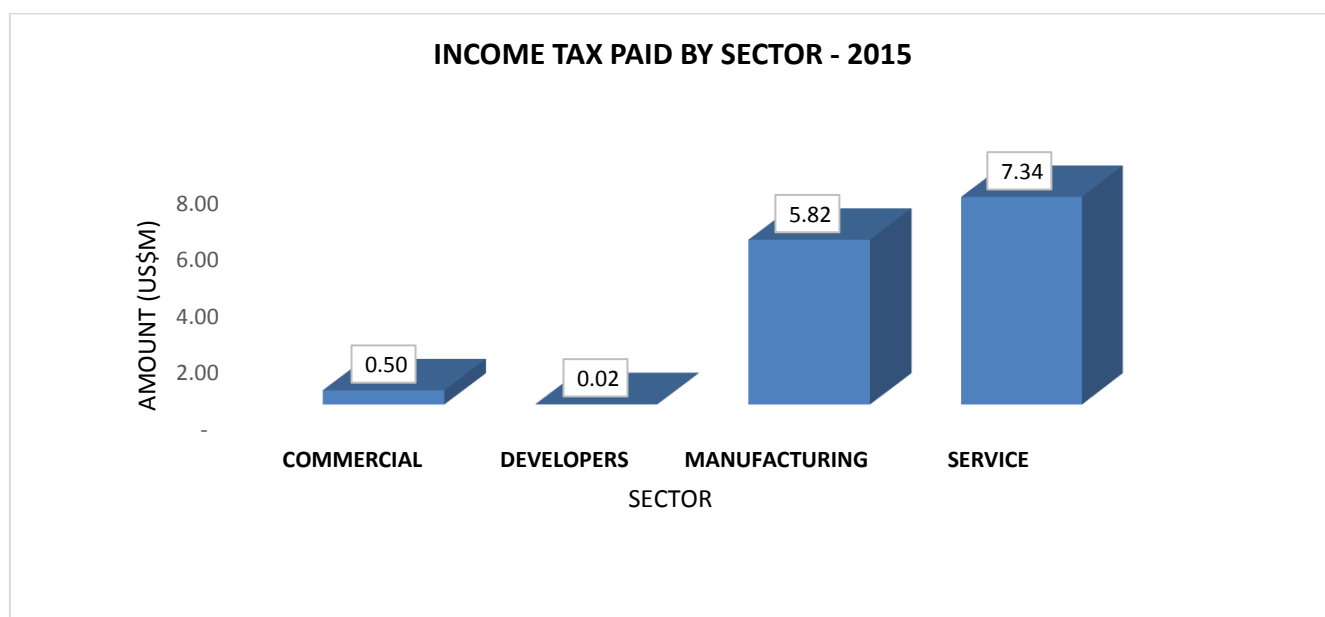
## Appendix VII - Employment Schedule of Free Zone Enterprises 2015



## Appendix VIII - Salary/Wage Schedule of Free Zone Enterprises 2015



**Appendix IX - VAT/Duties Paid On Local Sales By Free Zone Enterprises 2015****Appendix X - Training Schedule of Free Zone Employees (Ghanaian Nationals) 2015**

**Appendix XI - Social Security Schedule of Employees of Free Zone Enterprise 2015****Appendix XII - Income Tax Schedule of Free Zone Employees 2015**

**Appendix XIII - Audited Accounts**

**GHANA FREE ZONES BOARD  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2015**



**GHANA FREE ZONES BOARD**

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**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2015**

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## **GHANA FREE ZONES BOARD**

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### **GENERAL INFORMATION**

#### **DIRECTORS**

Hon. Dr. Ekwow Spio Garbrah (Chairman)  
Mrs. Gifty Anku  
Ms. Katherine Oduro  
Ms. Eugenia Jackson-Cofie  
Mr. William Adotei Addo  
Mrs. Florence Hutchful  
Ms. Anita De Sosoo  
Mr. Kwabena Yeboah  
ACP (Rtd) Alhaji Mahama Adams

#### **EXECUTIVE SECRETARY**

Mr Kwadwo Twum Boafo

#### **AUDITORS**

Veritas Associates  
No. 11 Adaman Loop  
Tesano, Accra  
P. O. Box CT 6372  
Cantonments  
Accra

#### **BANKERS**

Bank of Ghana  
United Bank for Africa (Ghana) Limited  
Prudential Bank Limited  
GCB Bank Limited  
Guaranty Trust Bank (Ghana) Limited  
Ecobank Ghana Limited  
ADB Bank Limited  
Universal Merchant Bank Limited

**GHANA FREE ZONES BOARD***Financial statements for the year ended 31 December 2015***REPORT OF THE DIRECTORS**

The directors hereby present their report together with the audited financial statements of Ghana Free Zones Board for the year ended 31 December 2015.

**Statement of directors' responsibilities**

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of Ghana Free Zones Board at the end of the financial year and of the surplus or deficit and of the cash flows for the period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgments and estimates that are reasonable and prudent and followed Ghana Accounting Standards and other applicable requirements of Ghanaian law.

The directors are responsible for ensuring that Ghana Free Zones Board keeps proper accounting records that disclose, with reasonable accuracy at any time, the financial position of Ghana Free Zones Board. The directors are also responsible for safeguarding the assets of Ghana Free Zones Board and taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Nature of business**

There was no change in the nature of business of Ghana Free Zones Board during the year.

**Financial results**

The financial result for the year ended 31 December 2015 are set out below

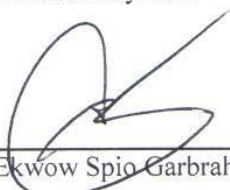
	<b>2015</b>	2014
	<b>GH¢</b>	GH¢
Surplus for the year was:	<b>18,464,632</b>	18,074,502
When added to accumulated surplus brought forward of:	<b>45,831,146</b>	27,756,644
Leaves a balance carried forward of:	<b><u>64,295,779</u></b>	<b><u>45,831,146</u></b>

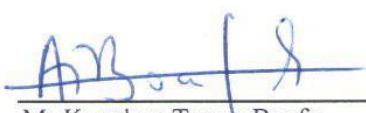
**Auditors**

The auditors, Veritas Associates, have indicated their willingness to continue in office for the ensuing year.

**BY ORDER OF THE BOARD**

Dated 5<sup>th</sup> January 2017

  
\_\_\_\_\_  
Hon. Dr. Ekwow Spio Garbrah

  
\_\_\_\_\_  
Mr Kwadwo Twum Boafo



# Veritas Associates

Chartered Accountants

P. O. Box CT 6372,  
Cantonments, Accra  
Loc: No. 11 Adaman Loop, Tesano  
(Near Abeka Junction), Accra

Tel/Fax #: 0302 243 952  
Cell: 050 834 9942  
E-mail: veritax@myzipnet.com

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GHANA FREE ZONES BOARD (GFZB)

We have audited the accompanying financial statements of Ghana Free Zones Board set out on pages 4 to 16. These financial statements comprise the statement of financial position as of 31 December 2015, the income statement and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards, International Public Accounting Standards and the Free Zone Act 1995, Act 504. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ghana Free Zones Board as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with Ghana Accounting Standards, the Free Zone Act 1995, (Act 504) and comply with the Companies Act, 1963 (Act 179).





### Report on other legal requirements

The Ghana Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters.

We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- ii. In our opinion proper books of account have been kept by the company so far as appears for our examination of those books ; and
- iii. The balance sheet and profit and loss account of the company are in agreement with the books of account.

*Veritas Associates*  
Signed by Anthony Danquah (ICAG/P/1045)  
For and on behalf of Veritas Associates (ICAG/F/116)  
Chartered Accountants  
Accra, Ghana

*6th*  
..... January 2017


## GHANA FREE ZONES BOARD

STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2015

ASSETS EMPLOYED	Note	2015 GH¢	2014 GH¢
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	36,347,935	7,148,848
<b>CURRENT ASSETS</b>			
Accounts receivable and prepayment	4	19,082,588	20,360,225
Short term investments	5	9,639,535	15,653,678
Cash and cash equivalents	6	31,166,303	24,869,799
		59,888,426	60,883,702
<b>CURRENT LIABILITIES</b>			
Accounts payable and accruals	7	29,104,517	19,016,609
<b>NET CURRENT ASSETS</b>		30,783,909	41,867,093
<b>NET ASSETS</b>		67,131,844	49,015,941
<b>FUNDS EMPLOYED</b>			
Donors' fund	8	394,956	394,956
Construction fund	9	2,441,109	2,789,839
Accumulated fund		64,295,779	45,831,146
		67,131,844	49,015,941

Approved by the Board of Directors on .....January 2017 and signed by:

  
Hon. Dr. Ekwow Spio Garbrah

  
Mr Kwadwo Twum Bofo

The attached notes 1 to 18 form an integral part of these financial statements.

## GHANA FREE ZONES BOARD

INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Note</i>	2015 GH¢	2014 GH¢
<b>INCOME</b>			
Operating income	10	27,149,588	19,243,147
Other income	11	7,759,081	12,297,560
Released from construction fund	9	348,730	348,730
		<u>35,257,399</u>	<u>31,889,437</u>
<b>EXPENDITURE:</b>			
Operational expenses	12	2,754,080	1,739,898
Employee costs	13	3,881,926	2,989,192
Board and committee expenses	14	966,051	730,226
Financial and professional charges	15	294,784	351,745
Travelling and transport	16	2,687,912	2,116,726
Repairs and maintenance	17	1,461,937	1,347,277
Administrative and general expenses	18	4,746,077	4,539,872
		<u>16,792,767</u>	<u>13,814,935</u>
<b>EXCESS OF INCOME OVER EXPENDITURE</b>		<u>18,464,632</u>	<u>18,074,502</u>

ACCUMULATED FUND  
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 GH¢	2014 GH¢
Balance at 01 January	45,831,146	27,756,644
Excess of income over expenditure	18,464,632	18,074,502
Balance at 31 December	<u>64,295,779</u>	<u>45,831,146</u>

The attached notes 1 to 18 form an integral part of these financial statements.

## GHANA FREE ZONES BOARD

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Note</i>	2015 GH¢	2014 GH¢
<b>OPERATING ACTIVITIES</b>			
Excess income over expenditure		18,464,632	18,074,502
Adjustment for non-cash items:			
Depreciation	3	1,246,326	1,153,868
Released from construction fund	9	(348,730)	(348,730)
Operating income before working capital changes		19,362,229	18,879,640
Increase in accounts receivable	4	1,277,638	(5,684,446)
Decrease/(increase) in investments	5	6,014,142	(5,682,338)
Increase in accounts payable	7	10,087,908	5,042,947
Cash generated from operating activities		36,741,917	12,555,803
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant & equipment	3	(30,445,413)	(963,998)
Net cash outflow from investing activities		(30,445,413)	(963,998)
Net increase in cash and cash equivalents before financing		6,296,504	11,591,805
<b>FINANCING ACTIVITIES</b>		0	0
Cash and cash equivalents at the beginning of the year		24,869,799	13,277,994
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	6	31,166,303	24,869,799

The attached notes 1 to 18 form an integral part of these financial statements.



## GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**1 NATURE OF BUSINESS AND OPERATIONS**

Ghana Free Zones Board (the Board) was established on 31 August 1995 by an Act of Parliament, the Free Zones Act 1995, (Act 504), for the establishment of free zones in Ghana for the promotion of economic development, and to provide for the regulation of free zones activities and related purposes. The Board operates under the Free Zones Regulation L.I 1618.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***Basis of preparation*

The Board maintains its books and records using the modified cash basis under which revenue is recognised when cash is received but liabilities are recognised when incurred; and the financial statements are prepared on historical cost basis and applicable requirements of Ghanaian law.

*Basis of measurement*

The financial statements are prepared under the historical cost convention and are presented in Ghana cedis.

*Significant accounting policies*

The accounting policies applied by the Board are as follows:

*Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is provided using the straight line basis on all property, plant and equipment so as to write off the costs of assets over their estimated useful lives. Leasehold land, however, is not depreciated.

The rates of depreciation are as follows:

	Rate
Improvement of land banks	10%
Plant & machinery	20%
Motor vehicles	20%
Office equipment	20%
Furniture, fixtures & fittings	20%

## GHANA FREE ZONES BOARD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### **ACCOUNTING POLICIES** *(Continued)*

##### ***Cash and cash equivalents***

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in bank net of any outstanding bank overdrafts.

##### ***Revenue recognition***

Revenue comprises an initial lease premium, an annual ground rent for leased land, sale of forms, registration and renewal of licence fees, and income from investments.

##### ***Lease premium and associated income***

Under the modified cash basis of accounting, as applied by the Board, lease premium is recognised as income when cash is received and not when an offer of land at the Ghana Free Zones Enclave is accepted. Revenue from ground rent, sale of forms and registration and renewal of licence fees is recognised when cash is received.

##### ***Interest on investment***

Interest on investment is earned on time apportioned basis and is accrued only when it is probable that the income would be received in the near future.

##### ***Accounts payable and accruals***

Liabilities are recognised for amounts to be paid in the future for goods or services received.

##### ***Foreign currency translation***

Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial position date. All translation differences are taken to the statement of income.

##### ***Investments***

Investments held to maturity are carried at amortised cost.

##### ***Deferred expenditure***

Compensation for leasehold land is initially deferred until the expenditure is incurred at which time the expenditure is capitalized as cost of leasehold land to be written off over the lease period.

## GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 3 PROPERTY, PLANT &amp; EQUIPMENT

	Head Office Building	Leasehold land	Improvement of land banks	Plant and machinery	Motor vehicles	Office equipment	Furniture, fixtures & fittings	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<b>Cost</b>								
Balance at 1 January 2015	-	1,235,507	6,273,336	31,791	2,308,988	738,084	413,418	11,001,124
Additions during the year	29,976,214	-	4,553	-	274,340	132,533	57,773	30,445,413
Balance at 31 December 2015	29,976,214	1,235,507	6,277,889	31,791	2,583,328	870,617	471,191	41,446,537
<b>Depreciation</b>								
Balance at 1 January 2015	-	-	1,853,257	31,790	1,238,117	500,566	228,546	3,852,276
Charge for the year	-	-	628,292	-	433,289	108,031	76,714	1,246,326
Balance at 31 December 2015	-	-	2,481,549	31,790	1,671,406	608,597	305,260	5,098,602
<b>Net book value-31/12/2015</b>	29,976,214	1,235,507	3,796,339	1	911,922	262,020	165,931	36,347,935
<b>Net book value-31/12/2014</b>	-	1,235,507	4,420,078	1	1,070,871	237,519	184,873	7,148,848

Ghana Free Zones Board received three vehicles, Toyota Hiace, Nissan Pick-Up and Toyota Hilux Pickup, from World Bank to support the construction of fence wall around the Tema Export Processing Zone. The cost of the vehicles were not provided to Ghana Free Zones Board for inclusion in the financial records. The accumulated cost of motor vehicles in the schedule above does not include the cost of these three donated vehicles.

## GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

<b>4 ACCOUNTS RECEIVABLE AND PREPAYMENTS</b>	<b>2015</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>
Trade debtors	9,046,504	4,953,276
Other debtors	1,356,248	6,284,311
Staff loans	34,666	47,769
Prepayments	269,110	698,809
Deferred expenditure	8,376,060	8,376,060
	<b>19,082,588</b>	<b>20,360,225</b>

Deferred expenditure relates to amount provided as compensation to landowners for designated free zone activities to be capitalized when payments are made.

<b>5 SHORT TERM INVESTMENTS</b>	<b>2015</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>
These are made up as follows:		
1-year treasury notes	-	15,362,502
182-day treasury bills	9,639,535	291,175
	<b>9,639,535</b>	<b>15,653,678</b>

<b>6 CASH AND CASH EQUIVALENTS</b>	<b>2015</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>
Cash and cash equivalents consist of:		
Fixed deposits	12,218,894	8,310,830
Cash at bank	18,931,707	16,542,696
Cash in hand	15,703	16,273
	<b>31,166,303</b>	<b>24,869,799</b>



## GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

<b>7 ACCOUNTS PAYABLE AND ACCRUALS</b>	<b>2015</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>
Trade creditors	1,151,093	1,099,253
Sundry payables	2,628,098	8,938,867
Accrued expenses	16,949,326	602,489
Provisions	8,376,000	8,376,000
	<u>29,104,517</u>	<u>19,016,609</u>

Provisions relate to estimated cost of compensation payable to landowners for designated leasehold land banks for free zones activities.

<b>8 DONORS' FUND</b>	<b>2015</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>
Contributors are as follows:		
Government of Ghana	62,149	62,149
Ministry of Trade and Industry	206,103	206,103
Tema Export Processing Zone Gateway Project	126,704	126,704
	<u>394,956</u>	<u>394,956</u>

**9 CONSTRUCTION FUND**

This represents receipts of fund approved by Export Development & Investment Fund (EDIF) for construction of storm drain at the Tema Export Processing Zone. The receipts are capitalised and equivalent portion of annual depreciation charge on the cost of the storm drain is released to income.

	<b>2015</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>
Balance at 1 January	2,789,839	3,138,569
Released to income	(348,730)	(348,730)
Balance at 31 December	<u>2,441,109</u>	<u>2,789,839</u>

## GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

<b>10 OPERATING INCOME</b>	<b>2015 GH¢</b>	<b>2014 GH¢</b>
Leased land premiums	8,602,212	5,753,624
Ground rent	3,750,393	2,953,776
Annual licence and renewal fees	2,339,420	1,876,827
Vehicles registration fee	447,160	256,612
Sale of forms and processing fees	12,010,403	8,402,307
	<u>27,149,588</u>	<u>19,243,147</u>
<b>11 OTHER INCOME</b>	<b>2015 GH¢</b>	<b>2014 GH¢</b>
Investment income	1,355,679	2,225,024
Exchange gains	6,014,742	9,760,648
Sundry income	388,661	311,888
	<u>7,759,081</u>	<u>12,297,560</u>
<b>12 OPERATIONAL COST</b>	<b>2015 GH¢</b>	<b>2014 GH¢</b>
Ground rent charges-Land Commission	178,700	180,715
Vehicle registration expenses	100,746	72,111
Resident permits acquisition expenses	1,771,834	1,433,844
Land compensation cost	702,800	53,228
	<u>2,754,080</u>	<u>1,739,898</u>

## GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

## 13 EMPLOYEE COSTS

	2015 GH¢	2014 GH¢
Salaries and wages	2,103,061	1,700,910
Clothing allowance	171,118	127,584
Fuel and vehicle maintenance allowance	214,759	193,905
Medical expenses	87,188	49,996
Social security contribution-employer	261,019	204,061
Provident fund contribution- employer	200,784	156,478
Staff bonus	324,885	256,865
Staff training and development	519,112	299,395
	<u>3,881,926</u>	<u>2,989,192</u>

## 14 BOARD &amp; COMMITTEE EXPENSES

	2015 GH¢	2014 GH¢
Board members allowances	258,675	178,923
Committee allowances	217,183	165,160
Board expenses	433,943	341,698
Ex-Gratia/ Board bonus	56,250	44,444
	<u>966,051</u>	<u>730,226</u>

## 15 FINANCIAL &amp; PROFESSIONAL CHARGES

	2015 GH¢	2014 GH¢
Consultancy services	265,159	322,120
Audit fee (inclusive of VAT & NHIL)	29,375	29,375
Other professional fees	250	250
	<u>294,784</u>	<u>351,745</u>

## GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

<b>16 TRAVELLING &amp; TRANSPORT</b>	<b>2015</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>
Honorarium	67,065	82,751
Per diem	100,197	46,769
Overseas travels	2,289,103	1,811,278
Motor vehicle fuel and lubricants	231,547	175,928
	<u>2,687,912</u>	<u>2,116,726</u>
<b>17 REPAIRS &amp; MAINTENANCE</b>	<b>2015</b>	<b>2014</b>
	<b>GH¢</b>	<b>GH¢</b>
Motor vehicles	222,530	187,980
Office equipment	107,413	66,314
General repairs and maintenance	133,291	123,869
Maintenance of enclave	959,902	894,574
Grounds maintenance	21,000	46,225
Pumps	17,801	28,315
	<u>1,461,937</u>	<u>1,347,277</u>



## GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

18 ADMINISTRATIVE AND GENERAL EXPENSES	2015 GH¢	2014 GH¢
Printing and publications	187,553	123,296
Telecommunication	94,645	102,623
Stationery cost	208,405	77,049
Postage and courier	3,034	2,176
Electricity and water charges	110,478	104,505
Security services	112,940	149,700
Hospitality and entertainment	87,755	62,490
Marketing and promotion	839,356	1,213,485
Public relations	321,069	313,482
Insurance charges	111,889	96,486
Bank charges	2,620	5,479
Donation	688,980	311,999
Cleaning materials	1,333	1,589
Depreciation charge	1,246,326	1,153,868
Generator running expenses	13,013	26,049
Tender committee expenses	42,692	29,200
Operational audit expenses	166,356	201,206
Relocation expenses	-	168,181
Rent expenses	507,633	253,750
Internet and web hosting	-	143,260
	<u>4,746,077</u>	<u>4,539,872</u>